

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

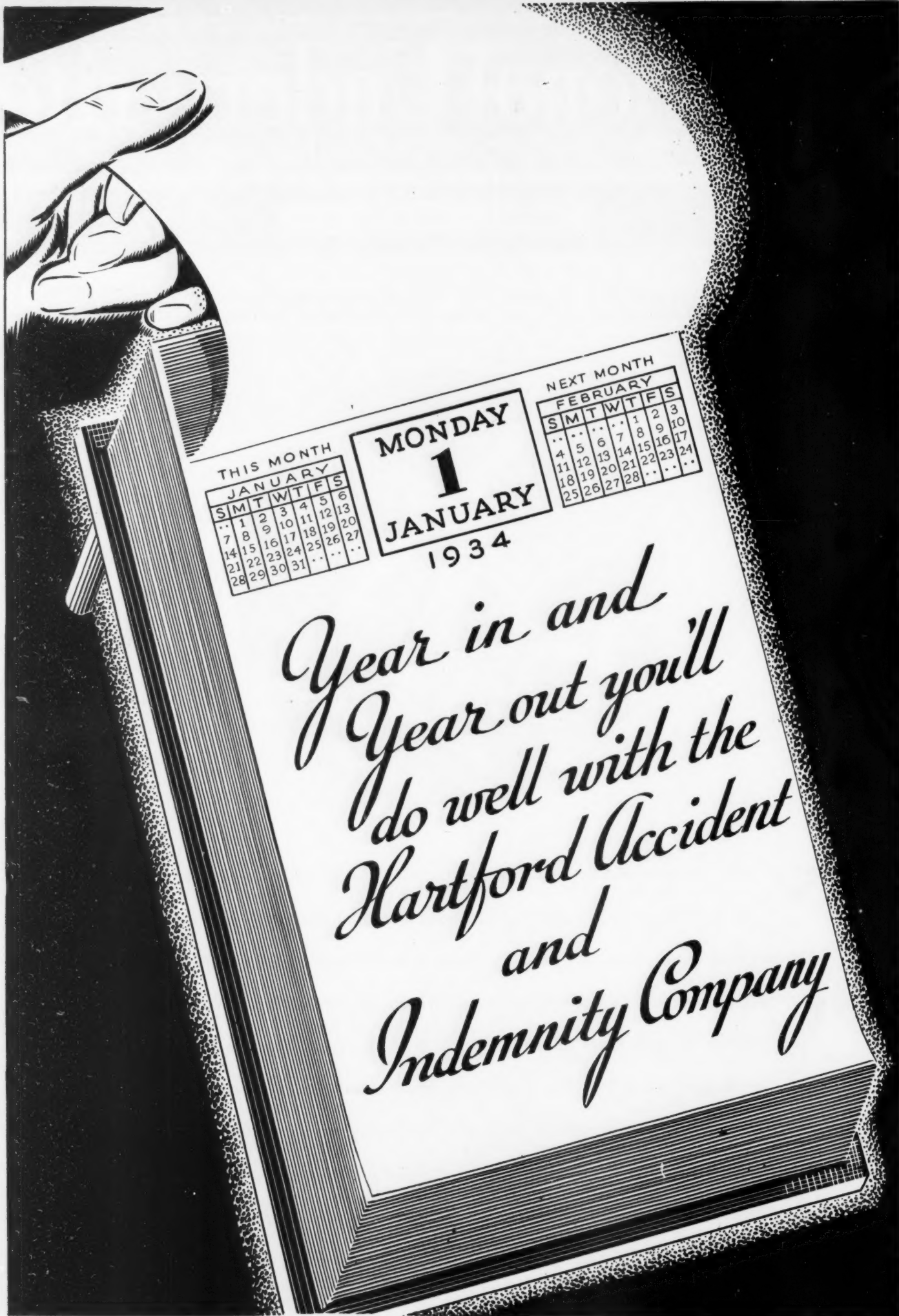
THURSDAY, JANUARY 4, 1934

CERTAINLY WE'LL GIVE YOU A LIFT



Life is one question mark after another for the insurance agent or broker. His ability to answer a variety of questions has much to do with his success. In the 1933 issues of *The Employers' Pioneer* we tried to help him answer some of the questions relating to his business, including those which were in the minds of the prospects but were never uttered. In 1934 we're going to keep trying. To the insurance fraternity we say "Sure, we'll give you a lift." We realize our growth depends a great deal upon our ability to do just that. We hope to help you over some of the bumps by the kind of material published in *The Employers' Pioneer*. Why not send for a copy of the January issue. There is no obligation on your part. Address the Publicity Department of The Employers' Group, 110 Milk Street, Boston, Mass. . . . The Employers' Group includes The Employers' Liability Assurance Corporation, Ltd., The Employers' Fire Insurance Company and the American Employers' Insurance Company.





THIS MONTH

JANUARY						
S	M	T	W	T	F	S
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MONDAY  
**1**  
JANUARY  
1934

NEXT MONTH

FEBRUARY						
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*Year in and  
Year out you'll  
do well with the  
Hartford Accident  
and  
Indemnity Company*



# The National Underwriter

Thirty-Eighth Year—No. 1

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JANUARY 4, 1934

\$4.00 Per Year, 20 Cents a Copy

## London Lloyds Is Meeting Demand

Places \$250,000 Guarantee Fund in Chicago Bank to Fulfill Illinois Requirement

### CONSIDERED BIG STEP

Understood English Institution Will Report All Business Placed by Illinois Agencies

London Lloyds has complied with the demand of Insurance Director Palmer of Illinois for a \$250,000 deposit within the state as a prerequisite for securing a license. The sum has been placed in escrow in the Continental Illinois Bank & Trust Company, Chicago, to remain permanently as evidence of good faith and tangible protection for policyholders.

The Underwriters at Lloyds in taking this step have made a great concession to American demands, according to persons informed as to Lloyds' methods. It is the first time in the history of the English underwriters' operations in this country that any guaranty funds have been set up over here.

#### Lord to Countersign Policies

J. S. Lord, Illinois attorney-in-fact of underwriters at Lloyds for some years, who will continue in that capacity, countersigning all policies in Illinois, is carrying on negotiations to determine how the deposit will be handled. It is the present understanding that the fund will not be given into the possession of the Illinois department, but will be maintained in bank, as contemplated under the Illinois Lloyds' statute. It is said this may be made a revolving fund, never less but possibly much more than \$250,000.

Another concession will be made according to the understanding reached in several conferences extending over several months. Heretofore, London Lloyds has reported to the Illinois department and paid tax only on premiums on purely Illinois business, that is on risks located within the state. It is well known that much business outside Illinois was handled by large Illinois agencies and brokers, especially those of Chicago. It is said that hereafter all business originating in Illinois agencies or brokerage offices on risks wherever situated, will be reported to Illinois and taxes paid thereon.

#### To Report Authorized Agents

Names and addresses of authorized representatives of the underwriters at London Lloyds soon will be reported to the Illinois department. These under the agreement with the English group must be duly licensed under the Illinois qualification laws and must have no greater authority than that agreed on as being possessed by the attorney-in-fact.

(CONTINUED ON LAST PAGE)

## Code to Lead to Showdown

Agents Made Filing on Theory Answer Must Be Given to Question Whether Present Production System Is to Survive—Eventful Days Ahead

The filing of a code under the NRA regime at Washington, D. C., by the National Association of Insurance Agents brings to a head an issue that has been a strong undercurrent in the stream for many years. In the parlance of the street, there will now be a "showdown." There is a note of uncertainty injected into insurance by this action that even the sponsors of the code admit. They appreciate that they are treading on dangerous ground but they did not see any other way out of the entanglement.

The agents evidently have felt that any self regulatory machinery could not be brought into practical play because the companies themselves could not agree as to what should be done. The agents have had conferences from time to time during past years with companies and the claim is made that while the officials on the surface seemed to be very sympathetic and friendly, at the same time the National Association of Insurance Agents contended it was not getting results from the companies on certain basic issues that it contended must be recognized.

#### Business Whittled Away

Furthermore, the agents declare that their business has been gradually whittled away by the companies forming new syndicates, organizations and developing other business handling schemes, the net result being that the risks of agents were dwindling and there was no way to thwart the process. They declared that the companies were willing at any time to deal with the government where it had a voice as to the disposition of the insurance, this especially being true with the casualty and surety companies. The agents saw in all directions their field becoming more and more circumscribed and the companies seemingly doing nothing to alleviate the situation.

The time came, therefore, in the conferences of agents when it was suggested that before there was further disintegration there should be a decision as to whether the American agency system should be continued, whether all so-called middle men should be eliminated and leave production entirely to brokers or whether agents should become salaried solicitors of companies or whether further company syndicates should be put in the field. The agents' organization saw no hope in further deliberation by the company committee. So far as its management was able to discern, little, if any, progress was being made toward reaching conclusions.

#### Eye Other Industries

The agents saw that great enterprises were having codes of fair practice adopted regulating the competitive features of their business. Rather, therefore, than submit further to continuous losses, it seemed desirable to put the matter squarely to the NRA with the

hope that through its machinery certain basic principles could be recognized and enforced.

Asked if the National Association of Insurance Agents was not exposing the business to great danger by running to the government and seeking regulation, there came the reply from one high in the councils of the agency organization, "We certainly are running no more risk in filing our code than the company officials did when they went before the Insurance Commissioners Convention and urged that it establish a rule for the collection of agency balances. The companies did not hesitate to turn this important prerogative over to state officials."

#### Time for Action

The National Association of Insurance Agents feels that it gave the companies ample time to get together. Its annual convention was held in Chicago the second week in October. The companies attempted to deal with the program offered by the agents and subcommittees held meetings to discuss the provisions. The agents undoubtedly felt that the time had come for action instead of half way promises. If the business is to survive and be conducted through the present agency system, then the agents declare that certain fundamental principles and practices must be recognized and they be given protection along lines which they deserve instead of having by company processes their accounts taken from them by syndicates and other competitive practices.

The insurance code hearing may be held late in January or early in February, according to those who are familiar with the state of Washington affairs. The NRA authorities are endeavoring to get the major codes out of the way by the middle of January so that the decks can be cleared for consideration of the secondary codes.

#### Hearings Wide Open

This hearing may prove to be the most eventful day in insurance history. The code hearings are wide open affairs, any one being permitted to voice proposals, counter proposals, contrary opinions.

The mutual companies will be on hand with counter proposals and presumably the stock companies will have plenty to say. Then, undoubtedly, there will be individual agents who are opposed to certain provisions in the code that has been filed, and will give expression to their sentiments. The brokers will also be heard. It may be difficult for the life companies to keep out of the picture, as they desire to do. The authorities will naturally inquire about life insurance.

Insurance people are likely to find that several members of the NRA staff are well posted on the business. The NRA is composed, for the most part, of men who are on their toes and are

(CONTINUED ON PAGE 21)

## How Hartford Men View Code Issue

Executives Feel Agents Are Not Alive to Dangers Inherent in Filing

### DRAWING COMPANIES IN

Believe Controversial Features May Seriously Disturb Solidarity of the Business—Fear Competitive Effects

HARTFORD, Jan. 3.—Although stressing the fact that they have no quarrel with the agents themselves as a result of the recent filing in Washington of the code of the National Association of Insurance Agents, officials of Hartford fire and casualty companies are of the opinion that the association has overstepped its province and, in too great haste to cure trade difficulties, has not been alive to the dangers inherent in the method used.

The companies have felt that any code of fair practices filed by the producers should not go beyond the fair scope of the producer's problem. The code as presented attempts to reach and cure a number of competitive evils of long standing which the organized companies have been unable to solve by reason of competition from non-organization companies, which in many instances are represented by organization agents themselves. If a code of fair practices is desirable or necessary from the company point of view such a code should be filed by the companies rather than that the agents in their filing should attempt to draw the companies further within the scope of the NRA administration.

#### State Jurisdiction

While organization companies would heartily welcome a relief from unfair company competition it is to be born in mind that the 48 states have primary jurisdiction over the subject of insurance. It is hardly conceivable that supplementary jurisdiction assumed by the federal government would do more than further complicate a business more completely supervised than any business except banking and already greatly vexed by state statutory requirements from which no adequate relief may be anticipated.

Hartford executives are of the opinion that the controversial filings under the head of the code of fair practices made by either branch of the business are calculated seriously to disturb its solidarity. Such disturbance is likely to be capitalized by non-stock competitors. One danger pointed out is that Washington may get the idea that the companies are spending too much on production costs and since these costs are largely commissions may conclude that the agents are getting unjustifiably large commissions. Moreover, an attempt to

(CONTINUED ON PAGE 8)

## Marine People Cut Heart From Corn Insurance Rate

FIVE CENTS FOR FULL COVER

Efforts of Actuarial Bureau and Insurance Executives Association Are  
Now Nullified

The tedious efforts of the Western Actuarial Bureau and Insurance Executives Association to regulate the writing of insurance covering the interest of banks and other lending agencies on corn loans, subject to discount at the Commodity Credit Corporation, have largely been nullified by the activities of marine departments.

The Insurance Executives Association and the Western Actuarial Bureau, after conferring with Washington authorities, put out forms and promulgated rates for writing this coverage. The intent was to prevent the rates from being attacked and to hold the business for the local agents as much as possible. The official rate was 10 cents a month for fire insurance coverage and 5 cents a month for tornado and hail.

### Banks Are Circularized

However, some of the marine people entered the picture and their local agents have been circularizing the banks, offering marine coverage, including fire, tornado, hail, flood, conversion and transportation at a combined rate of 5 cents per month per hundred dollars of interest.

Appleton & Cox, representing the marine department of the Fire Association, has been particularly active. Now R. N. Crawford & Co. of Chicago, agents of Appleton & Cox, have circularized all bankers in Illinois and other agencies have contacted bankers in other states.

This, of course, means that practically no insurance will be written on the forms and at the rates promulgated by the Western Actuarial Bureau.

### CCC Direct Coverage

The premium on the insurance covering the direct interests of the Commodity Credit Corporation in the corn is estimated at from \$750,000 to \$1,000,000. Four brokerage firms have been designated to handle this cover. These loans expire in seven months. If, at that time, the market price of corn has not increased the Commodity Credit Corporation will become the owner of all of the corn on which loans have been made. There is no reason for the farmer to sell his corn, unless he can get a price of more than 45 cents a bushel, which is the amount of the loan. If the market price does not increase he can merely permit the CCC to take over his corn at the end of seven months. Then the insurance covering the corn owned by the CCC will be a very much larger account than insurance covering the interests of the CCC, while banks and other lending agencies are still holding their loans.

### SNAG IN MISSOURI

ST. LOUIS, Jan. 3.—The new state warehouse act recently passed by the Missouri assembly is reported to have met disapproval of Washington authorities in charge of federal corn loans, and until Missouri passes another act farmers of the state will be unable to obtain corn loans.

The bill has been signed by Governor Park. It is doubtful that the Missouri assembly can legally retrace its steps at this special session and put through a new bill that will meet federal requirements.

The Missouri warehouse act presented a departure from similar laws in other states in that it required the owner of the corn to obtain an insurance policy before a warehouse certificate would be issued to him. It would have distributed the insurance on the encumbered corn among a large number of local agents.

When complete information concern-

## Official Dead



RALPH B. IVES

R. B. Ives, chairman of the board of the Aetna Fire and its former president who died at noon Tuesday went into a coma early in the morning and the end came without his regaining consciousness. He had withdrawn from all association connections except as vice-president of the National Board and a director of the Underwriters Laboratories.

President W. H. Koop of the National Board appointed R. M. Bissell, Hartford Fire; G. G. Bulkley, Springfield F. & M.; F. D. Layton, National Fire; Victor Roth, Security of New Haven, and B. M. Culver, America Fore, to represent the organization at the funeral services which will be held at Asylum Hill Congregational church, Hartford, Thursday afternoon.

ing the objections to the new law are obtained from Washington it is probable a new bill will be started through the official mill at Jefferson City.

### J. L. Case Desperately Ill

James L. Case, a former president of the National Association of Insurance Agents, is seriously ill at his home in Norwich, Conn., where he conducts a prominent agency.

## Ralph B. Ives Is Dead at His Residence at Hartford

FORMER PRESIDENT OF AETNA

Spent His Entire Business Life With  
the Company He Served  
With Distinction

Ralph B. Ives, who retired a few months ago as president of the Aetna Fire, and was chosen chairman of the board, died at his home in that city Tuesday after a long illness. He was president of the World Fire & Marine, Century Indemnity and Piedmont Fire in addition to the Aetna. Mr. Ives had been in bad physical condition for some time. He underwent serious operations and then had a nervous breakdown, suffering also from a heart attack. During recent weeks it has been known that his life hung by a slender thread.

### Was a Native of Hartford

Mr. Ives was a native of Hartford, having been born there, Jan. 27, 1873. He entered the employ of the Aetna Fire in 1905, becoming special agent in New England then assistant secretary. He was sent to Chicago to take charge of the western department in 1915. In 1919 he was chosen vice-president and elected president in January, 1923. He was prominent in the various organizations and served as chairman of the executive committee and later vice-president of the National Board.

Mr. Ives was a dynamic force in the business. He was a man of positive ideas, excellent judgment and had a splendid record. In his work he was energetic and resourceful. He literally burned up his driving power. Mr. Ives was tireless in his activities and consumed much nervous force. When he was in Chicago he was active in the Western Union and served as chairman of its governing committee. He spent his entire business life with the Aetna and to it he gave the best that he had. A son, Louis K., is special agent of the Springfield F. & M., traveling out of the head office.

Mr. Ives erected a beautiful home at Bloomfield near Hartford. In the field he travelled in Connecticut, Vermont and western Massachusetts. Mr. Ives was a director of three Hartford banks. In addition to his son, Mrs. Ives and a daughter, Mrs. Nettie Ives Miner survive.

## Quick Work Prevents HOLC from Diverting Commissions

LANSING AGENTS TAKE ACTION

National Association, Warned of Inimical Washington Order, Obtains  
Assurance from Federal Officials

LANSING, MICH., Jan. 3.—Quick action by the Lansing Association of Insurance Agents undoubtedly preserved for local agents throughout the country a large volume of property insurance which might otherwise have been diverted to some single broker or a few favored agents in close contact with officials of the federal Home Owners Loan Corporation.

Exactly what the HOLC plans were has not been learned, but Lansing agents, through the local branch of the HOLC, discovered that orders had been received from Washington to pay no more premiums to local agents on properties on which the corporation had extended loans. This order was particularly effective as to all insurance expiring within a year, which was to be canceled outright and coverage placed through Washington. Insurance with more than a year to run was to be accepted with a mortgage clause attached.

### Warn National Organization

The Lansing association held a special meeting and formulated plans for a nation-wide protest movement to be launched through letters to congressmen and directly to the HOLC.

C. B. Smith, president Lansing association and former president National Association of Insurance Agents, immediately notified W. H. Bennett, executive secretary National association, and urged his cooperation in bringing pressure to bear on HOLC officials to reinstate the former practice of keeping properties insured through local agency facilities.

It was pointed out that the various recovery efforts have as one of their aims the wide distribution of benefits and such a blow to local communities through taking a large volume of business from local agents could not be considered in line with administration policies.

Before the protest movement could get under way, Mr. Smith had telegraphic assurances from Mr. Bennett that the matter had been straightened out with Washington and that the local agents would keep the business as in the past.

## THE WEEK IN INSURANCE

Filing of an NRA code by the National Association of Insurance Agents is expected to lead to a showdown on many vital issues. **Page 1**

Marine people offer to write insurance coverage interests of banks in CCC corn loans at 5 cents a month, as compared with the 15-cent rate charged by the fire insurance departments. **Page 2**

Ralph B. Ives, chairman of the board of the Aetna Fire and former president, died this week. **Page 2**

E. O. Thomson presents effective arguments for eight point collection plan. **Page 3**

Quick work by Lansing, Mich., agents' association stops HOLC attempt to divert commissions on insurance. **Page 2**

The "Insurance Field" announces that Young E. Allison, president of the publishing company, and John J. Jasper, managing editor, have resigned. **Page 4**

General agency firms of Fred S. James & Co. and Cravens, Dargan & Co. of San Francisco merge under the name of Cravens, Dargan & Fox. **Page 4**

Personal automobile liability losses for 1933 maintained about the same record as the year before, the ratio being high. **Page 26**

Third of companies in Chicago plate glass bureau approve plan to install survey department. **Page 26**

Casualty and surety executives and agents see a brighter hue to the business cloud. **Page 27**

Changes in New York compensation law to remedy present abuses urged by medical committee named by governor. **Page 25**

General Manager Beha of National Bureau of Casualty & Surety Underwriters advises Virginia agents that companies are powerless in matter of state's decree to reduce acquisition cost on automobile insurance. **Page 27**

Surety underwriters watch federal bank deposit guaranty plan closely; extent of companies' liability is question to be determined. **Page 25**

Professor Mowbray of University of California urges strict regulations governing organization of companies. **Page 25**

Promotions are announced in the official staff of the Yorkshire Indemnity including H. F. Ellen and A. O. Robinson as vice-presidents. **Page 25**

Travelers gives preliminary figures. **Page 31**

Receiver is appointed for Belt Casualty of Chicago. **Page 31**

## Would Reopen Earthquake Claims; Companies Worried

NEW YORK, Jan. 3.—Officials of companies writing earthquake insurance are considerably concerned over recent developments in connection with claims caused by the quake in southern California last March. Certain assureds have asked for the reopening of cases which were paid and it was assumed finally disposed of. An energetic Pacific Coast engineer has been critically examining a number of fireproof buildings and through the use of a chemical reports having disclosed flaws in structural work that were not apparent in the course of adjustments. One claim is for approximately \$400,000 for reputed damage to a structure in Long Beach which had virtually been adjusted for \$100,000.

If companies are to be held for such excessive losses as are now being figured, managers assert it will be impossible longer to write earthquake coverage. A considerable percentage of the indemnity involved was carried in non-association offices, which are expected to take a common stand with the board companies in whatever course may finally be agreed upon.



## Hartford Offices and Investments

Company Officials Are Keeping a  
Close Watch on the Changing  
Conditions

### ALL HOLDING UP WELL

No Connecticut Institution Has Had to  
Go to the Government for  
Financial Aid

HARTFORD, Jan. 3.—There is naturally much interest among company executives here as to investments as applied to insurance. One president in commenting on the situation said:

"You can't put out money without risk. That element exists at all times. But you can make an exhaustive study or analysis of what 'real' investments are as contrasted with speculation. Take for example railroad bonds. Railroads exist for the purpose of transporting the absolute necessities of life. You can't live without railroads. You can get along without automobiles, radios, electric lights or other luxuries, but once you 'fold up' the railroads New York City, Boston, Chicago, in fact every city, would find a starving population on its hands.

#### Comment on Foreign Bonds

"Every investment has its purpose. Take foreign bonds, for instance. They exist to sponsor foreign or international trade. You know of investors refusing to invest in the higher types of these securities on the basis they are 'unsound.' However, there have been times in the past year when the securities which could best be sold in large blocks, exclusive of United States governments, were the higher types of foreign bonds.

"Deal now with New York bank stocks. Hartford companies have long made a practice of investing in these securities. They are needed to furnish the credit for our industries and general business. We cannot exist without banking facilities. You may own stock in a bank which has failed. That is your own poor judgment. You quite evidently did not know the caliber of men running the bank or the problems facing that institution, over which, perhaps, these men may have had no control. But all banks won't fail. It is probable that an analysis of insurance company portfolios would show that bank stocks, if purchased some years ago, could, even in the present low market, be liquidated on a satisfactory basis."

#### Observations on Municipal Bonds

Municipal bonds were next in his discussion.

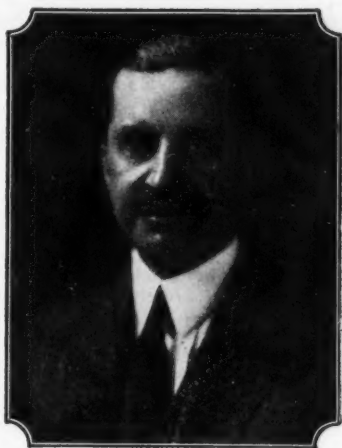
"They are necessary because they represent law and order," he said. "We cannot live without organized society and protection. These municipal obligations are the life-blood of that necessity.

"Turn lastly to utilities. These bonds have stood up better than any other type of investment and they are the least necessary for our existence. The others are being put to a cruel test and we'll soon find out whether they hold water or not. But the utilities go serenely onward."

Prior lien rail bonds predominate in insurance portfolios. Even with roads in receivership, the Wabash as an example, interest is being paid on these bonds. Insurance men look for more defaults but the defaults will strike the insurance companies last because of the

(CONTINUED ON LAST PAGE)

## North British Is Now Observing 125th Year



CECIL F. SHALLCROSS

The 125th anniversary of the founding of the North British & Mercantile in Edinburgh occurs this year and this is an occasion for reviewing some of the trials through which this great institution has passed on its upward course.

The United States branch of the North British & Mercantile was established in 1866 with Ezra White as the first United States manager.

Cecil F. Shallcross has been United States manager since 1919 and he has earned a reputation of being one of the most astute underwriters and capable executives in the country. His ability and good management are largely responsible for the excellent financial condition of the United States branch.

#### Loss in Chicago Fire

At the time of the Chicago fire in 1871, the United States branch of the company had assets of only \$1,340,000, although it was involved in the disaster to the extent of \$2,330,000. When the London board heard of the disaster, they cabled, "Settle losses promptly. Draw at three days' sight. Subscribe \$5,000 for sufferers."

The next year the company was involved for \$742,000 in the Boston fire and in 1904 payments of \$857,000 were made in Baltimore.

The supreme test came in 1906 with the San Francisco earthquake and fire. The North British settled all claims with funds from the head office in London, paying out about \$4,000,000 and contributing voluntarily to the relief of sufferers.

On April 17, 1809, an advertisement in the Edinburgh papers announced the proposal to form the North British Insurance Company. Support was given to the project and on Oct. 19 of that year a meeting of subscribers was held and a contract of copartnership was submitted. The company started business on Nov. 11 of that year.

In 1862 the North British became the North British & Mercantile and entered upon a career of world-wide expansion.

The Mercantile was a new company formed by a number of merchants. Negotiations for merger were started and the capital of the North British was doubled and the business of the Mercantile transferred to the North British.

The North British & Mercantile does business in every state in this country and in every province in Canada as well as in Hawaii and Alaska. It has agents in the principal cities throughout the world.

#### Miscellaneous Notes

A. J. Mylrea has been admitted to a senior partnership in the Toronto agency of Reed, Shaw & McNaught.

A dividend of 55 cents a share has been declared by the Agricultural. The additional 5 cents over the customary 50 cents dividend will more than provide for the 5 percent excise tax required under the NRA act of June 16.

## Eight-Point Collection Plan For Agencies Is Presented

CLEVELAND, Jan. 3.—At the meeting of the Fire Insurance Field Club of Cleveland E. O. Thomson, state agent of the North British & Mercantile, spoke on "Agency Organization" and outlined the drastic condition of many agencies as a result of spending company premiums and being forced into delinquency. Mr. Thomson advocates the segregating of bank accounts for mutual protection of companies and agencies. His plan for saving a delinquent agency and placing it on a proper credit time basis involves the following eight points:

1. Defer all balances due on business written prior to the first of the month on which the plan is to start.

2. Open two bank accounts. One called commission account or general fund, another insurance premiums escrow account.

3. All gross premiums, or premiums including commissions, on collections for business written prior to date of deferment to be deposited in the insurance premium account.

4. All net premiums on current business, or business written after date of deferment to be deposited in insurance premium account.

#### Earned Commissions Reported

5. All earned commissions on current business to be deposited in commission account or general fund.

6. All partial or down payments on current business to be deposited in the insurance premium account, the earned commission to be deducted and deposited in the commission account only when final payment of premium is made.

7. At end of month, a certain percentage, to be agreed upon, of the commission account is to be used by the agency for salaries and expenses and the balance to be transferred to the insurance premium account.

8. Positive cancellation of unpaid policies in 60 days.

"The delinquent agent like the poor," said Mr. Thomson, "has been, and will continue to be with us always. Other businesses have the same troubles and the same problems as all business has to be and is based on credit. The successful business is the one that has the best credit system, the one that in general grants the shortest time credit, and then realizes or gets the money when it is due.

#### Nothing Tangible

"Some kinds of business sell goods which they can retrieve or get back if not paid for and the legal machinery is available for their protection in this respect. But the insurance business (other than life) is only a promise to pay a certain amount of money in case of accident. Nothing tangible changes hands, excepting a printed piece of paper, which, to the buyer, who never has had an accident, does not represent something that he can feel or weigh or use or sell, and so there has been fostered through the years the idea that the payment of a fire insurance premium was something unimportant.

"The idea seems to have prevailed, among buyers of insurance, as well as many agents that by some mysterious process an insurance company could change a \$10 premium into \$1,000 and if occasion demanded make it pay a \$10,000 loss and therefore collections were of only minor importance, and unwise extension of credit was the result.

"The companies contributed their share to this unhealthy situation. Whether some companies could by hocus pocus make dollars in the good old pre-depression days, and whether they too considered payment of premiums of minor importance, just so long as the volume rolled in on the monthly

accounts current, I can not say, but the fact remains that there was too long a time allowed for credit. Was there anything more logical than that an agent extend long credit, if his companies extended it to him?

"But things have changed. The fire insurance business discovered that numerous agents could not pay the companies and worse than that, that agents in many cases had collected and spent the money. The companies became painfully aware of the fact that, unlike other kinds of business, the machinery of the law available for collections was only one sided. That the public could mercilessly collect its losses and some money ones at that, and the individual his unearned premium, but our friend, Mr. Agent, who had spent the companies' money could slide from under on the plank of 'debtor and creditor relation.'

#### Borrowed From the Bank

"In those halcyon days of plenty and super-abundance, an agent's premium account never seemed to run dry. It simply came in without much collection effort on his part. When, for any reason, it became necessary to quiet the pleadings of the special agent, the bank was there to make a loan, and while the agent was engaged in repaying the loan, balances again became delinquent and the same proceeding was repeated and would continue in a vicious circle for years. So the agent thought!

"However, be it said to their credit, (CONTINUED ON LAST PAGE)

## Many Favorable Factors Bolster Officials' Spirits

NEW YORK, Jan. 3.—Distribution by the federal government of vast sums of money to the farmers of the west and to the cotton and tobacco planters of the south has benefited local agents as well as business men generally. A percentage of the funds is being used in payment of premiums, enabling local men to make partial payments, at least, on overdue balances. Companies report an increase in the number of daily reports recently and are considerably encouraged. It is expected that the upward trend will not only continue but that with rising costs of commodities additional fire coverage will be called for by merchants and manufacturers.

#### Repeal Is Stimulating

Repeal of the prohibition law, it is figured, will also have a stimulating effect upon a number of industries, one notable case being the call for an increase of \$6,000,000 in the submitted schedule of a prominent brewing concern of the central west. Hotels the country over, it is confidently predicted, will also be greatly benefited, now the sale of liquor has been legalized, while the enormous governmental revenue will materially reduce the general tax level.

The great boon to companies in 1933 is the reduced fire losses. With the premium income for the business as a whole off about 12 percent, company officials find themselves confronted with high expense ratios, having been unable, despite every effort, to cut operating costs in keeping with the shrinkage in total income. Whether it will be possible to make further expense reductions without impairing efficiency of the service rendered, will continue to be one of the outstanding problems with which company officials must wrestle during 1934.

## Two Big General Agencies on Pacific Coast Merging

NOW CRAVENS, DARGAN & FOX

New Firm Takes Over Companies Represented There by Fred S. James & Co., Cravens, Dargan & Co.

The Pacific coast general agency of Fred S. James & Co. of California is being succeeded by Cravens, Dargan & Fox. The business of both Fred S. James & Co. of California and Cravens, Dargan & Co. is to be continued by the new firm. The Texas operations of Cravens, Dargan & Co. of Houston will not be affected. The firm of Cravens, Dargan & Fox is operating in California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Montana and British Columbia, Alaska and Hawaii. Malcolm Cravens, associated with Rorick Cravens in the management of the Pacific Coast office for some time past, and E. C. Fox, Pacific Coast manager for Fred S. James & Co. for the past 12 years, are to be co-managers of the new firm, which will continue the representation of all companies now represented in the Pacific Coast territory by the James organization and Cravens, Dargan & Co. No change in the personnel or company representation is contemplated.

Mr. Fox was formerly assistant manager of the North British & Mercantile and 12 years ago connected with Fred S. James & Co., taking charge of its Pacific Coast department. Malcolm Cravens is the son of James Cravens, head of the Cravens, Dargan & Co. general agency with headquarters at Houston, Tex. He is one of the newer men on the coast who has won his spurs. L. P. Terhune, who has had an interest in the James & Co. agency, will continue with the combined office.

In the San Francisco office of Cravens, Dargan & Fox are: Allied Underwriters of the Union of Canton, American General, British America, Camden Fire, Century, Eastern Underwriters of the Fulton Fire, Mercury (inland marine department), Safeguard, Eagle Star & British Dominions, Homeland (California and Oregon only), National Security Fire, Rhode Island (California only), Lincoln Fire, American Surety, Preferred Accident (excluding Hawaii and Alaska), National Casualty (California and Arizona only) and Universal.

### Field Changes Announced

A number of field changes in the western department of the North American have been announced.

Alex R. Graham has been appointed special agent for the North America and Philadelphia F. & M. with headquarters at South Bend, Ind.

H. C. Barry joins the North America as marine special agent at Cleveland.

F. A. Williams is transferred from South Bend to Oklahoma City. T. F. McMahon, marine special agent, is transferred from Cleveland to Minneapolis and W. R. Millar from Minneapolis to the underwriting department at Chicago.

Paul R. Ingles resigns as Oklahoma state agent and D. M. Berlin as Oklahoma special agent.

### New Automobile Court

A new automobile branch of the municipal court of Chicago has been created with Judge Graber in charge. All automobile theft cases will go to this court. Most of these cases formerly have gone to the boys' court over which Judge Gutknecht has presided. Judge Gutknecht had just started to stir up an investigation of insurance companies in disposing of stripped cars. However, his line of inquiry has been cut short because he has asked now to be transferred to the civil branch.

## Veteran Arkansas Agent Is Killed in Auto Crash



WALTER W. LITTLE

Walter W. Little, 60, well known local agent of Hot Springs, Ark., was killed almost instantly when his car failed to negotiate a street corner and ran into a tree. He was the son of the late W. J. Little, head of one of the early insurance agencies in Hot Springs, and carried on the insurance business after the death of his father. He had been active in association affairs, especially when the National Association of Insurance Agents met in Hot Springs a number of years ago.

## Example of the Higher Insurance Salesmanship

O. F. Thatcher of the Delta Insurance Agency of Escanaba, Mich., contributes an example of higher salesmanship. The following letter is from an agent soliciting some of the city's insurance from the mayor of the city, the letter being as received, except that the names of the principals are changed:

Honorable Mayor OF Cedar Springs  
Tom Jones  
Dear Sir:

Two and Three years ago, I have try to have some shares or part of fire insurance from Cedar Springs, property, as have been a citizens of Cedar Springs for 35 years, and the street improvement cost me almost \$500.00 i have paid interest as much as 16/100 to this City, for that street, But thank God it is all paid

But this peculiar thing, I have been ignored by all this time of twelve years I have been in the fire insurance business, and representing some very good Company,

Some agency have a good share of the City, fire insurance, and they are not

## Allison and Jasper Leaving "Field"

Announcement is made this week by the "Insurance Field" of Louisville that Young E. Allison, Jr., president, and John J. Jasper, managing editor, both being directors of the Insurance Field Company, have resigned but will remain with the publication in editorial capacities pending the necessary rearrangement of the staff. Both are prominently known in the business and rank high in the trade newspaper press. Mr. Allison's father, the late Young E. Allison, was the founder of the "Insurance Field" following his retirement from the old "Insurance Herald."

Mr. Allison joined the staff of the "Insurance Field" in 1914 at Chicago and served later in San Francisco and New

## Merger of Two Louisville Fire Companies Announced

BEN FRANKLIN TAKEN OVER

Liberty Fire of Louisville Has Acquired Control Through Purchase of Stock

LOUISVILLE, Jan. 3.—Announcement was made following the annual meeting of the Liberty Fire of the acquisition by that company of the Ben Franklin Fire of Louisville, through stock purchase. Adolph Reutlinger, who has been vice-president of the Liberty Fire since merger of the former Reutlinger & Co. agency with the Liberty, has been made executive vice-president of the Liberty. He has also been president of the Ben Franklin, which he founded a few years ago. John E. Huhn, who served as president of both the Liberty Bank & Trust Co. and Liberty Fire, has resigned as president of the bank in order to give his entire attention to the insurance company. The elevation of Mr. Reutlinger to executive vice-president was the only change in the Liberty Fire.

even tax payer to this city, and some others agency, have been turn over to Faville, on different name, but stall chare up, with our City Property, Insurance.

But Joe Poquette is ignored completely no one seem to know him, after Him, spending his 45 years earning in this City distributing all learning to school, Church, and business of this City, and raise big Family, Like all good citizen,

Now Mr. Tom Jones, Mayor of Cedar Springs I hope you will see and reconis, i have reason to askyou for justice be rendere me, You, and body concil Man, Yourself know me personally for many years, so it wont be hard for you, to investigated, and find out, that I AM right, and I have reason to complain.

Now Mr. HO. Mayor I will wait and hoping for some favorable result.

Your Very Truly

Joe Poquette

\$ City Hall 30000

Joe o cent\*

\*(This is evidently intended to mean that there is \$30,000 insurance on the city hall, but Joe gets not a cent of it.)

### Golden Wedding Anniversary

R. L. Ravnolds, who retired several years ago as Ohio state agent of the Connecticut Fire and Mrs. Raynolds quietly observed Monday the 50th anniversary of their marriage, at the hotel in Columbus, where they reside.

### Miscellaneous Notes

Arthur Brasted, secretary Wheeler-Kelly-Haggy Trust Co., Wichita, has been elected vice-president of the Wichita chamber of commerce.

N. W. Aus, formerly with the Travelers Indemnity Company in Kansas City, has been appointed manager of the insurance department of the Shryock Realty Company.

## Many Hartford Accident Men in Service 20 Years

In 1934 a number of officials and employees of the Hartford Accident & Indemnity will celebrate the 20th anniversary of their connection with it. Of this number seven are executive officers and 14 are department heads. Those whose anniversaries will occur this year are:

Home Office—R. M. Bissell, president; J. L. D. Kearney, vice-president and general manager; J. Collins Lee, vice-president; D. J. Glazier, financial vice-president; R. C. L. Hamilton, comptroller; R. V. Ahern, superintendent automobile department; F. R. Aiken, superintendent burglary department; W. Doherty, general attorney; E. L. Duncan, superintendent plate glass department; R. A. Ferson, superintendent personal accident and health department; W. R. Liedike, superintendent public official and depository bond department; W. H. Vanderbeck, Jr., chief accountant; C. S. Wightman, cashier; S. E. Williams, superintendent liability department; Flora L. Crooks, engineering department; R. H. Dexter, assistant superintendent fidelity department; Mary C. Maguire, accounts department; J. A. Moore, payroll audit department; Lucy C. Nolan, claim department; J. M. Mulligan, supply department; Kate Phillips, file room; W. N. Pike, general expense department; H. J. Potter, supervising engineer; Lena Sullivan, statistical department.

\*\*\*

New York Office—Paul Rutherford, vice-president; A. A. Arnarius, superintendent engineering and statistical departments; Wm. A. Earl, general attorney; W. J. McCarthy, superintendent burglary department; George Merrick, superintendent automobile department; Audley Brindley, claim department; A. J. Keith, special agent; Anna Pritchard, in charge stenographic and typists division; Mae Reis, in charge of telephone switchboard.

\*\*\*

Pacific Department—Joy Lichtenstein, vice-president; A. B. Martin, claim department; Edna Moulton, cashier. Philadelphia Department—M. J. Naylor, engineer.

In Chicago—L. O. Voorhees, claim examiner.

In Akron, O.—R. E. Blackburn, claim department.

### German Action Protested

C. F. Sturhahn, president of the Russia, which has large holdings in the Iduna group, has been asked to investigate the unusual action by German authorities, in which 18,000,000 marks invested by Americans was taken to satisfy an Iduna debt of 5,000,000 marks. Charles Denby, a Philadelphia lawyer, is now in Berlin pushing the inquiry there.

Mr. Sturhahn concludes: "I cannot believe the present German Reich, which prides itself on standing for decency in business, will ignore my plea for fair treatment. I am here with a practically open mind. If I can be shown that it was right to use \$4,000,000 of American money to meet obligations much less than half this sum I will be the first to withdraw my complaint."

### Cole Is Named President

New officers of the Western New York Field Club elected at the annual meeting in Rochester are: President, Kenneth Cole; vice-president, Edward Spaulding; secretary-treasurer, Arthur Jansen.

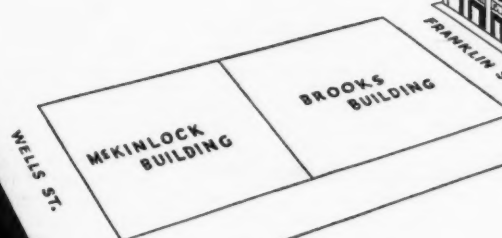
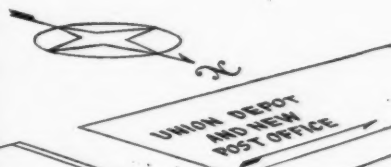
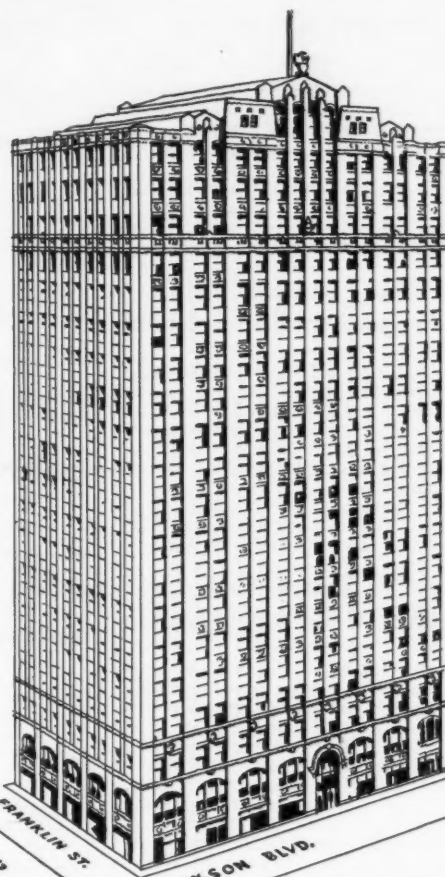
R. S. Garvie, former state agent and now assistant secretary of the Aetna Fire, was presented with a wrist watch, and C. B. Cleaves, recently placed in charge of the sprinklered risk department of the Schedule Rating Office of New Jersey, was given a traveling bag.

### Lecky's Fifty Years

Robert Lecky, Jr., a leading fire agent and former company official of Richmond, Va., is celebrating the 50th anniversary of his entry into insurance ranks.



*the FINEST*  
*Office Space*  
*in the*  
**CHICAGO**  
**INSURANCE**  
**DISTRICT**



**WITH SAVINGS**  
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- Illinois and Indiana Coal Corporation
- Consolidated Coal Corp.
- Illinois Traffic Bureau
- American Woolen Company
- Federal Coal Company

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## NEWS OF THE COMPANIES

### Refuses to Appoint Receiver

**Federal Judge in Chicago Throws Out Case Against Fire Company of Chicago**

The suit for appointment of a receiver for the Fire Company of Chicago which has stretched over 15 months has been thrown out of the federal court in Chicago by Judge Wilkerson with his refusal to appoint a receiver on grounds of lack of jurisdiction. His ruling left open the question of individual accounting from various former officers, including Massie Wilson, present chairman of the board, but made it clear this may be done in other jurisdictions where these officers reside.

No complaint was sustained against any of the present management.

It is likely that Barthell & Rundall, of counsel for the defendants, this week will ask dismissal of the suit, return of control over assets to the proper officers and assessment of costs against the plaintiffs. The costs approximate \$5,000, much of this sum being due to the 3,900 pages of testimony taken before a master-in-chancery.

#### Guaranty as to Costs

It is in the record that Judge Harry Hamlin of Hamlin & Cleary, counsel for the plaintiff, personally guaranteed to New York stockholders who formed a stockholders' protective committee which brought the suit, that they would not be assessed costs over \$1 a share. A. E. Reid was secretary of this committee but it is believed is not personally liable for costs. It is considered unlikely that an appeal will be taken, for this would be difficult in the case as the ruling stands and it is estimated would cost approximately \$10,000.

As the record stands there is no one against whom an accounting for the alleged fraud could be enforced except O. F. Looker, whose connection with the alleged fraud, the court stated, apparently is not sufficient to warrant appointment of a receiver for the Fire Company as ancillary relief in any accounting which may be had against Mr. Looker.

An important factor facing any court in an application for a receiver is probability of the plaintiff being ultimately entitled to a decree. Judge Wilkerson said he could not see from the record that there is any reasonable possibility of a decree against Mr. Looker sufficient to sustain receivership for the Fire Company. The court stated a receiver should not be appointed to bring suit when those seeking the appointment have ample redress through proceedings they may initiate on their own behalf.

He stated that no showing of insolvency of the Fire Company was made and it was clear a case was not made out which warrants appointment of a receiver.

The annual meeting of the Fire Company which has been postponed from time to time since April, 1933, probably will be held some time in January.

### C. E. Pieper and J. B. White Advanced by Rhode Island

C. E. Pieper and J. B. White, who have been secretaries of the Rhode Island and the Merchants of Providence, have been advanced to vice-president and secretary. J. P. Rutter and R. C. Weigel have been promoted to assistant secretaries.

R. P. Ketcham, vice-president, has resigned. The balance of the official staff of the company remains intact.

### General of Seattle Group Names Canadian Manager

The General, First National and General Casualty of Seattle have appointed E. L. Morley manager of the Canadian department with headquarters at Vancouver, B. C. A. C. Manson has been appointed secretary of the Canadian department and will assist Mr. Morley. In 1915, Mr. Morley connected with the Commercial Union in its Vancouver office. On return from the war he reentered its service and had charge of underwriting for British Columbia and Alberta until 1921. Then he became inspector for the Commercial Union group, covering British Columbia and Alberta. In 1926, Mr. Morley became chief clerk of the British Columbia branch of the Northern Assurance where he remained until August, 1932, when he became associated with the General as special agent for western Canada.

#### Reppert Made Special Agent

R. W. Reppert, until recently assistant examiner in the fire division of the Automobile of Hartford, has been appointed special agent to cover Washington, Montana, Oregon and Idaho. His headquarters will be in Seattle in the office of Ralph Bertolin, state agent for the Aetna Life companies. Mr. Reppert is a graduate of Yale, and he joined the Automobile in 1931.

#### Fireman's Fund Awards

Reflecting the general feeling of improvement on the Pacific Coast, President J. B. Levison of the Fireman's Fund group has announced an extra salary payment to all employees through-

out the United States. One month's salary will be paid to all employees who have been with the company more than one year, and a proportionate amount to those who have been with the company less than one year.

### To Absorb Cosmopolitan

Subject to the approval of the insurance department and stockholders, the Cosmopolitan Fire of New York will be absorbed by the Knickerbocker of the Corroon & Reynolds organization.

In 1931 the business of the Cosmopolitan was reinsured by the American Equitable of the Corroon & Reynolds organization and the Cosmopolitan has been inactive since. As of Dec. 31, 1932, the Cosmopolitan reported assets of \$1,214,488, due and to become due for borrowed money \$100,000, contingency reserve \$301,028, capital \$200,000 and net surplus \$590,135. The company was

organized in 1928 and for a time operated in close conjunction with the Lloyds Casualty.

Capital of the merged company will be the same as that of the Knickerbocker, which is \$1,000,000, consisting of 200,000 \$5 par value shares. The stock is to be divided between shareholders of the two companies on the basis of net worth as ascertained under the merger agreement. Assets of the consolidated company in excess of liabilities and capital will be placed in surplus account.

### Forms Canadian Reciprocal

The Ernest W. Brown organization, which manages a number of reciprocals, has formed a Canadian reciprocal with which to make a bigger bid for Canadian business. The Ernest W. Brown reciprocals have been operating in Canada, but the management felt greater headway could be made with an exchange that had a Canadian title.

## NEWS OF FIELD MEN

### Lepper Succeeds Armstrong

**Takes Over New Hampshire Field for Aetna Fire, Succeeding J. W. Armstrong, Resigned**

The Aetna Fire has appointed W. T. Lepper special agent for New Hampshire, succeeding J. W. Armstrong, resigned. Mr. Lepper has been with the Aetna since 1914, when he began his career as a mail clerk at the home office in Hartford. Later he was made an adjuster and the past year he has been special agent for Vermont with offices in Burlington.

### Stover Takes Up New Work

RICHMOND, VA., Jan. 3.—E. H. Stover, who was transferred from Georgia to Virginia to become special agent for the Aetna Fire group under State Agent G. G. Long, has taken up his new work. He succeeds Gordon Kyle who was made assistant secretary.

### Adams to Home Office

J. G. Adams of Boise, Ida., special agent for the General of Seattle, has been transferred to the head office of that company to open a new department for agency service. It will be an agency accounting department.

He will be succeeded in the field by L. A. Davis, local agent of Pocatello. Headquarters will be at Boise.

### Chesley to Be in Nashville

The Tennessee Fire Underwriters Association will meet Jan. 8 in Nashville. H. W. Chesley, assistant secretary of

the Western Underwriters Association is expected to be present.

The association has presented Leon McGilton, secretary, an automobile radio in recognition of his services the past year.

### Field Men Open Agency

B. R. Hudson and H. V. Parrish have opened a new agency in the Stahlman building, Nashville, Tenn. Mr. Parrish was formerly special agent for the North America and Mr. Hudson was formerly special agent for the America Fore.

### L. H. Smith Resigns

L. H. Smith of Springfield, Ill., special agent of the Hanover and Fulton in southern Illinois, has resigned. The field over which he had supervision will be looked after by State Agent F. C. Bertiaux of Streator and Special Agent J. P. Jana of Chicago.

### February Meeting in Cleveland

The Ohio Fire Underwriters Association will hold its February meeting in Cleveland.

### Kansas Meeting Jan. 9

The Kansas Fire Underwriters Association will meet in Topeka Jan. 9.

### Field Notes

N. V. Beutick, Oklahoma special agent of the Commercial Union Fire, was married to Theresa J. Nelle of Chicago.

J. J. Elder, who has been supervising Virginia and the two Carolinas for a number of years for the Connecticut Fire with Richmond headquarters, is moving his headquarters to Raleigh, N. C., a more central point for the territory.



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Policy Holders' Surplus Jan. 1, 1933, \$7,441,988

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The HANOVER FIRE INSURANCE COMPANY of New York

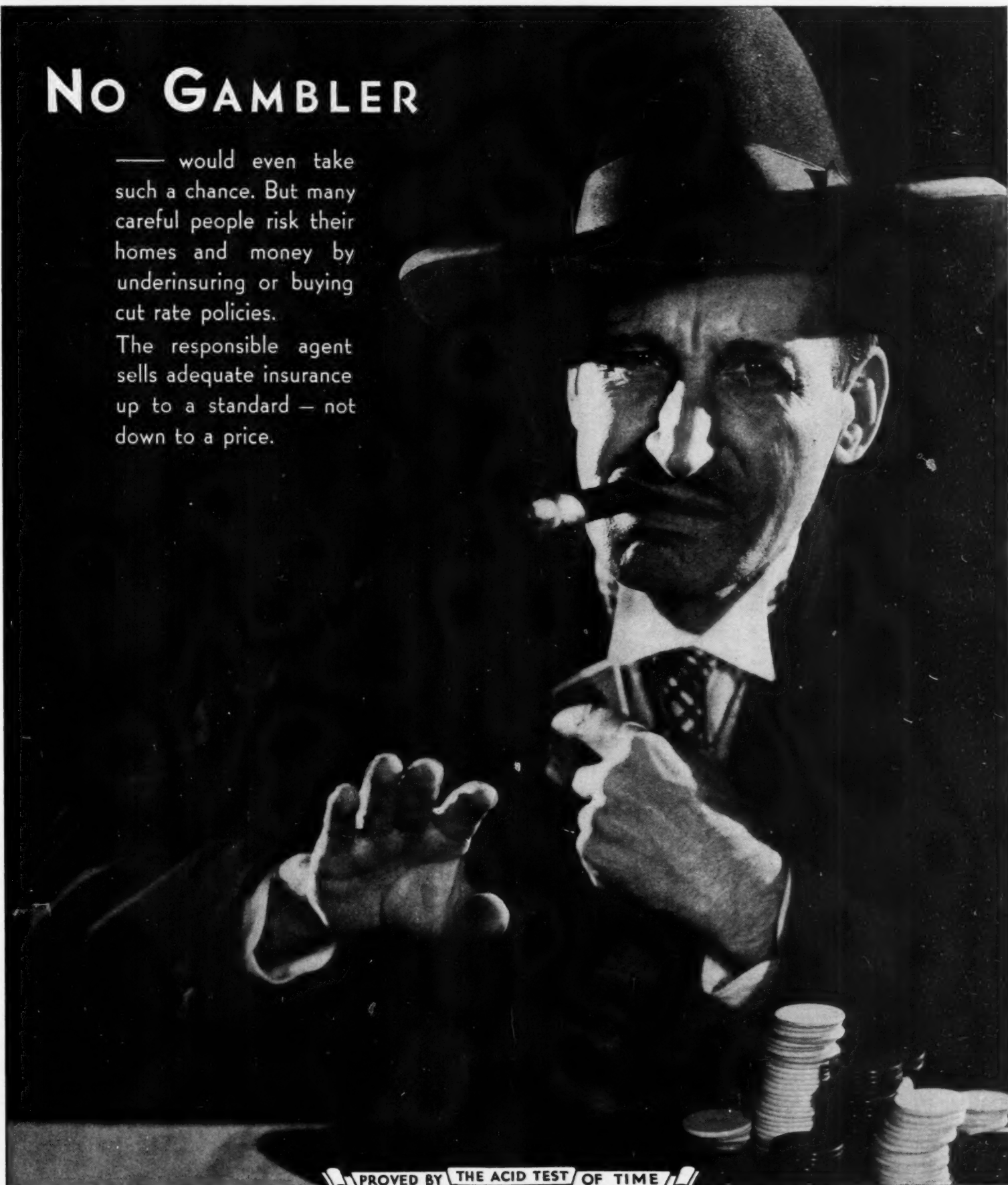
Charles W. Higley, Pres.



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— would even take such a chance. But many careful people risk their homes and money by underinsuring or buying cut rate policies.

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*New York, N.Y.*

NEW YORK CHICAGO SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

## How Hartford Men View Code Issue

(CONTINUED FROM PAGE 1)

induce the government to cure the evils in a business through a code results in the government getting more and more into the business.

Through state funds, it was asserted, the government is already monopolizing the compensation business.

One official pointed out that the NRA has refused to accept the filing from one branch of a business of a code impinging on another branch. For example, retailers have no authority to file a code covering manufacturers, which is, in effect, what the agents' code attempts to do. Hartford companies also

feel that the code will not be acceptable because the life companies and mutuals are not included. Either there must be three separate agents' codes, or one that will cover all.

Not only will the life companies be sitting on the sidelines to watch the results, but it is also believed probable that the non-stock companies will intervene and conceivably might bring about restricting regulations against the agents who are now attempting to have their companies regulated.

The Hartford companies do not feel that the agents have any serious grievances or that anything is materially wrong in the business. While it is admittedly impossible to iron out all difficulties in a business as gigantic and with as diverse interest as theirs, they feel their committees were making some headway when the code was filed.



## OF COURSE HE'S A SCOT!

and just as surely these companies maintain their characteristics — conservative friendly-cooperative — and able

Will Wrightman  
(FIELD CORRESPONDENT)



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## Coast Brokers in Fight on National, California Codes

### FILE PROTEST WITH STATE

San Francisco Group Objects to Use of Word "Broker" in Agents' Document

SAN FRANCISCO, Jan. 3.—The board of governors of the Insurance Brokers Exchange of San Francisco has let it be known that it does not approve of the NRA code proposed by the National Association of Insurance Agents and will object to the use of the word "broker" in such a code. This position, it is reported, is based upon the contention that the broker is the representative of the insured while the agent is the servant or representative of the company.

It is also learned that the brokers have filed a protest with T. A. Reardon, state director of industrial relations, on the signing of the code submitted by the California Association of Insurance Agents, which contains the word "broker." While the California state code has been signed by the commissioner of corporations, administrator of the California recovery act, it does not become effective until the director of industrial relations adds his signature.

A tentative agreement to join the national organization of insurance brokers has been sent to the organizers in New York by the governors of the San Francisco exchange. According to President Fred Hohwiesner this action was taken to lend encouragement and sympathy to the movement but actual membership of the San Francisco group is dependent on receipt of the constitution and by-laws.

### Shape Indiana Day Program

The program for Indiana Insurance Day, Jan. 30, is beginning to shape up. Among the speakers definitely pledged are H. E. McClain, Indiana commissioner and E. B. Thurman, Chicago general agent New England Mutual Life. Much interest is manifested in the meeting, as there are many common problems which it is planned to have covered in the program.

R. C. Griswold, Indianapolis manager Aetna Casualty, is chairman of Indiana Insurance Day by virtue of being vice-president of the Insurance Federation of Indiana, under whose auspices the day will be celebrated. C. O. Bray, Indiana special agent Hartford Fire, is president of the Indiana Federation.

### Mutual Veterans Honored

Members of the Mutual Insurance Association of Indianapolis who had served 25 years or more in the insurance business were specially honored at a luncheon there. Those so honored included: J. J. Fitzgerald, secretary-manager; F. A. Brier, assistant treasurer; Miss Mary M. Fielder, underwriter, and Miss Nellie Allemon, personnel director, Grain Dealers National Mutual; Frank B. Fowler, president and manager; Cicero Disher, secretary, and Jacob E. Shewmon, treasurer Indiana Lumbermen's Mutual; Mrs. Charlotte D. Reiss, secretary, Mutual Fire of Indianapolis, and H. P. Cooper, secretary National Association of Mutual Insurance Companies.

George B. Crane of Findlay, O., a long time local agent and special agent of the Twin City Fire, was married the other day to Mrs. Bird E. Hosler, who resided in Findlay for many years but more recently had lived in Cleveland. The ceremony took place at the home of Mr. Crane's daughter, Mrs. W. J. Thoms of Lima, O. Rev. W. J. Thoms, the son-in-law, officiated. The newlyweds left for a short trip west and northwest, going to Oklahoma and Pendleton, Ore.

## Provincial Superintendents Adopt U. S. Valuation Basis

### NO CHANGES IN RESOLUTION

Consider International Relations Demand Uniformity of Methods, Declare Basis Is Sound

The committee on valuation of securities of the Association of Superintendents of Insurance of the Provinces of Canada has adopted, without change, the resolution of the National Convention of Insurance Commissioners. This action of the provincial superintendents differs from the action taken recently by Superintendent Finlayson of Canada. Some of the companies in the Dominion are responsible to the Canadian department, but most operate under the provincial authorities.

The provincial superintendents' committee consisted of B. Arthur Dugal, Quebec, and R. Leighton Foster, Ontario.

These men attended the meeting of the National Convention of Insurance Commissioners, at which the valuation question was decided. They expressed the belief that the basis of valuations approved by the commissioners in this country is sound and that, because of the international character of the insurance business, so far as Canada and the United States are concerned, it is in the best interests of the business and the public that the Canadian provinces approve the same basis of valuation as that adopted by the commissioners of the United States.

About Jan. 15, the Canadian superintendents will forward the security valuation book.

### J. H. Griffin Is Improved

John H. Griffin, president of the Northwestern Fire and Marine, who has been critically ill with pneumonia is now greatly improved. He was stricken about three weeks ago. The crisis was passed last week, and he will be removed from the hospital to his home as soon as weather conditions permit.

### Will Write Flood Insurance

DENVER, Jan. 3.—The St. Paul Fire & Marine is again writing flood insurance here. That coverage was formerly written locally in important volume. Then the companies operating here withdrew from the line, and in recent years flood insurance on local risks was supplied by outside brokers. The rate is tentatively set at \$1.50 covering damage to property and removal of mud and water, or \$1 for damage to property only. The N. C. Steel agency of this city has announced it will push flood coverage with the opening of spring, with some business already in sight.

Two insurance men of St. Joseph, Mo., were on the grand jury that took up the lynching case in which Lloyd Warner, Negro attacker of a white girl was taken from the jail and lynched. The two men are Walter Neudor and E. B. Newcombe.

## COURT DECISIONS

A special page of recent court decisions is given on the inside back cover of this issue.



## INSURANCE STOCK QUOTATIONS

By H. W. Cornelius, Bacon, Whipple & Co., 135 S. La Salle St., Chicago, at close of business Jan. 2

Stock	Par	Share	Bid	Asked
Aetna Cas. ....	10	1.60	46½	48½
Aetna Fire ....	10	1.60	29	31
Aetna Life ....	10	1.00	14½	16
Amer. Alliance ..	10	1.00	14	15
American, N. J. .	2.50	1.50	7½	8½
Amer. Surety ...	25	...	13	14
Automobile, Conn.	10	1.00	13	19
Boston ....	100	16.00	390	405
Carolina ....	10	1.00	13	15
City of N. Y. ....	100	7.50	110	115
Continental Cas. .	5	...	9½	10½
Continental Ins. .	2.50	1.20	23	25
Fidel-Phenix ...	2.50	1.20	23	25
Fire Assn. ....	10	1.00	31	33
Fireman's Fund. .	5	3.00	47	48½
Fireman's F. Ind. .	10	...	17	21
Firemen's ....	5	...	4¼	45
Franklin Fire ...	5	1.00	15½	17
Glens Falls ....	10	1.60	25	27
Great Amer. Ind. .	1	...	6	7
Great American. .	5	1.00	14	15
Hanover ....	10	1.60	23	25
Harmonia ....	10	1.00	15	16
Hartford Fire ...	10	2.00	38½	40
Home, N. Y. ....	5	1.00	15½	17
Ins. Co. of N. A. .	10	2.00	38	40
Maryland Cas. . .	1	...	1	1½
Mass. Bonding ...	25	...	10	12½
National Cas. ...	10	...	3¼	4½
National Fire ...	10	2.00	39½	41
National Liberty. .	2	20	3	4
National Union. .	20	...	50	54
New Amst. Cas. . .	5	1.20	9	11
New Brunswick. .	10	1.00	15	16
North River ....	2.50	.60	13½	15
N. W. National. .	25	5.00	79	82
Occidental ....	10	...	14	15
Phoenix, Conn. . .	10	2.00	48½	50½
Prov. Wash. ....	10	.80	20	21
Sprgfd. F. & M. . .	25	4.50	74	76
St. Paul F. & M. . .	25	6.00	112	115
Travelers ....	100	16.00	315	330
U. S. Fire ....	4	1.20	29	30
U. S. Fld. & G. . .	2	...	3¼	3½
Westchester ....	2.50	1.00	17	18

\*Paid during 1933.

### Incorporation of National Brokers Body Expected Soon

NEW YORK, Jan. 3.—The National Brokers Association will be incorporated shortly, bringing to a culmination a movement initiated several years ago. Headquarters of the organization will likely be in New York City, although details remain to be worked out.

Pledges of support to the intended organization have been received from the five brokers' bodies of New York, and the organizations of Chicago, Boston, St. Louis and San Francisco. The association will deal only with problems general in their application, paying no attention to matters of purely local concern.

Credit for developing the national association idea belongs mainly to former President F. P. Lavin of the Chicago association, A. S. Schwartz, the present president, and J. A. Mudd, Jr., chairman of its committee on organization, all three of whom have been indefatigable in their efforts.

### Missouri Hand Book Issued by The National Underwriter

THE NATIONAL UNDERWRITER has just issued the new Underwriters' Hand-Book of Missouri. This new book gives the up-to-date list of agents in Missouri arranged alphabetically by towns and shows the complete list of companies which they represent—fire, casualty and life.

The statistical information is most complete in this new reference book and gives the record of insurance for the past six years for fire and life insurance and for the past two years, classified as to lines written, for casualty insurance. A feature of special importance is that which gives the fire insurance premiums and losses separately for St. Louis, Kansas City and St. Joseph for the past year.

For the first time a complete list is given of the brokers, or solicitors, in

Missouri as licensed by the insurance department. This list is arranged by expiration date of the license.

Lists are given of the field forces of the fire and casualty companies and of the life insurance general agents and managers in Missouri. Also given is the complete list of local organizations together with their officers and the national organizations which operate locally.

The new Missouri Hand-Book is up-to-date and complete in every way and will serve as an excellent guide for anyone interested in insurance in the state. This is the first publication of this book by The National Underwriter Co. and

is well up to the standard of its other state directories.

### Announce the New Company Setup of W. B. Brandt & Co.

New offices of W. B. Brandt & Co., all-risks and marine general agents, have been established at 254 Bush street, San Francisco. Open house in the new location was held Jan. 2.

Former general agents for the all-risks department of the Commercial Union companies, Brandt & Co., have announced a new company set up as fol-

lows; Ocean marine, Sun; all-risks and inland marine, Sun, Patriotic, Atlas, casualty and surety, National Casualty. Brandt & Co., thus is representing the well known marine firm of W. H. McGee & Co.

W. B. Brandt & Co. will open an office at 548 South Spring street, Los Angeles, in charge of C. B. Moss. The Chicago office will be in the Insurance Exchange and the New York office at 111 John street.

The Gay-Board Corporation, Stamford, Conn., has been formed to conduct a general insurance business. Incorporators are G. D. L. Raymond, M. C. Maxwell and Florence M. Faight.

## We are all selling BETTER PROTECTION

A.D.T. advertising to the country's executives through the pages of Nation's Business is stressing the economic value of COMPLETE PROTECTION...insurance plus adequate protection equipment under constant supervision... Every installation of an A.D.T. protection system is one less worry for the underwriters!...The loss record is the PROOF!

Show your clients how to obtain BETTER PROTECTION by recommending A.D.T. Central Station Automatic Protection systems:

SPRINKLER SUPERVISORY SERVICE  
AERO AUTOMATIC FIRE ALARM SERVICE  
(for unsprinklered properties)  
BURGLAR ALARM SERVICE

A.D.T. representatives will be glad to help you work out practical, money-saving suggestions for your policyholders—call on them.



WHERE  
WERE YOU—  
while the fire gained  
such headway?

You can't blame the watchman! A man can be in only one place at one time. Tremendous damage can be done...an entire business can be destroyed...hundreds of people thrown out of employment...because a dutiful watchman happens to be in one part of a plant while in another part, a small blaze grows into a roaring inferno.

The modern answer to adequate fire protection is AUTOMATIC (electrical) PROTECTION. It stands guard over every foot of your plant at the same time—day and night—ready to detect fire and summon the fire department at the first breath of flame.

A D.T. AUTOMATIC (electrical) PROTECTION SERVICES make it possible for you to rearrange and improve your present protection facilities and, at the same time, bring about immediate and substantial economies.

The coupon will bring literature  
...without obligation



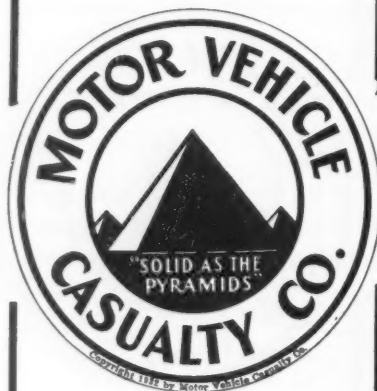
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1934

Under same management for  
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223 W. Jackson Blvd., Chicago,  
Illinois  
A STOCK AUTOMOBILE  
COMPANY

Organized in 1914 as Motor Vehicle  
Underwriters. Organized as Motor  
Vehicle Casualty Company in 1930.

## AS SEEN FROM CHICAGO

### CONFER WITH DEPUTY NELSON

The directors of the Chicago Insurance Agents Association held an unofficial luncheon session with Deputy Commissioner Nelson of Illinois. The agents questioned Mr. Nelson about various provisions of the qualification and licensing procedure in the state.

Mr. Nelson made clear that the \$10 brokers' license fee is not required of all members of a corporation or partnership, but only for two of the members. Some of the agencies had been remitting for nine or ten members, because of an ambiguity in the application. All members must be named in the application, but only two \$10 fees need to be paid.

\* \* \*

### CROXSON IN WASHINGTON

A. C. Croxson of the Rollins, Burdick, Hunter Co. agency of Chicago was in Washington for several days completing arrangements under which his organization is one of four brokerage firms designated to handle the insurance covering the direct interest of the Commodity Credit Corporation on corn, on which federal loans are made.

\* \* \*

### HOLGER DE ROODE IN SOUTH

Holger de Roode, well known agent and secretary of the Life Members Society of the Fire Underwriters Association of the Northwest, is spending the winter at New Orleans, visiting his son. His New Orleans address is 2321 State street.

\* \* \*

### WALLIN MOVES TO CHICAGO

O. F. Wallin, who recently retired as one of the managerial firm in charge of the United States business of the Eagle Star & British Dominions and Lincoln Fire, has moved with his family to Chicago from New York City.

\* \* \*

### H. A. CLARK HAS NEW SON

Richard Cunningham Clark is the new son of Western Manager H. A. Clark of the Firemen's group, and Mrs. Clark. He arrived at the Clark domicile in River Forest, Ill., in time for Christmas, reporting Dec. 24. He weighs 10 pounds and has all the possibilities of a great football player.

\* \* \*

### FIND CONDITIONS IMPROVED

Field men throughout the middle west report that agents are gradually getting their affairs in a more satisfactory shape. The well organized agency, one that is run according to business principles and whose budget is balanced and kept balanced is not meeting with difficulties that are extra burdensome. There are hundreds of agencies in the hands of trustees or field committees and most of these are not in an enviable state. Their old balances are frozen but an attempt is being made on the new business to keep the companies paid up. In every case where there is a possibility of getting the old debts reduced the agent is being induced to pay a certain amount each month.

When the depression first struck the country the weakest agencies expired.

Audits Investigations  
**FERGUSON, SERLING,  
DANIELS & PORTER**  
ACCOUNTANTS AND ACTUARIES  
102 Maiden Lane, New York, N. Y.  
Organization Management

**GET new business • RENEW  
old business • DISARM competition**

How? Ask about

**The Fire, Casualty & Surety Bulletins**

420 East Fourth Street • Cincinnati, Ohio

### Completes 25 Years in Service of the Atlas



**RALPH WOLTERSdorff**

Ralph Woltersdorff, branch secretary for the Atlas and assistant western manager, was presented with a bouquet and desk set by the office force Tuesday morning, the occasion being the completion of 25 years service with the Atlas by Mr. Woltersdorff. He joined the Atlas in 1909 as state agent in Michigan and Illinois after having traveled for the Sun. In 1924 he was taken into the western department office as assistant manager. He started with the Continental in Chicago in 1894 and joined the Sun in 1902.

He is well known in executive ranks in the west and is prominent in the Blue Goose, having served as most loyal gander of the Illinois pond.

Since then it has been largely a matter of the survival of the fittest. Those that have not had systematic management have gotten into trouble. Where credit has been extended unduly and where little discrimination was used in letting premiums ride, accounts have gotten into a state of stagnation. There are hundreds of thousands of dollars outstanding that should have been collected or the policies been canceled but leniency was used and policyholders took advantage of the situation. From all accounts the percentage of new trusted or committee agencies decreased during the year so far as additions to the list were concerned. This shows that the agents as a rule are getting in better shape. While there have been some exasperating cases so far as balances are involved at the end of the year, the conditions improved and vigilant field men met with less difficulty than previously. The field men that are watching their agents very closely and are not allowing credit to be extended beyond the normal period, are getting their affairs in much more satisfactory shape.

\* \* \*

### LOSS DECREASE NOT UNUSUAL

In viewing the marked decrease in fire losses, R. E. Vernor, Western Actuarial Bureau, said that the decline is not unusual but is due to extensive fire protection work that has been going on for the last ten years. No one can truthfully point out any one factor as responsible for the excellent fire record in 1933 because many things have contributed their aid. Fire waste contests, inspections, stricter arson laws, better training of firemen and many other fire protection measures are now bearing



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**GOOD  
AGENCY  
COMPANY**

**NATIONAL  
UNION FIRE  
INSURANCE  
COMPANY**  
PITTSBURGH, PA.



fruit. Mr. Vernor feels that the lower loss record is a permanent trend which will continue.

\* \* \*

#### REPORT ON OAK PARK

The National Board in reporting on Oak Park, Ill., shows that the water supply is generally adequate and reliable. There are fair to good quantities available for fire protection. The fire department is fairly adequate and powerful aid is quickly available from Chicago. There is no fire alarm system. The principal mercantile district is of small extent and there is considerable fireproof construction. The areas are

mainly small, heights low and the accessibility good. The fire fighting facilities, the engineers find, have some deficiencies but are mainly adequate.

\* \* \*

**W. E. Flickinger** of the Richey-Flickinger-Barrett Co., Cleveland, spent the holidays with his father, W. B. Flickinger, associate western manager of the North America in Chicago.

\* \* \*

**R. E. Vernor**, manager fire prevention department Western Actuarial Bureau, will address the Production Club of Sherwin-Williams Company at a dinner, Jan. 9, at its office in Chicago.

## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### NO HEARING ON THE CODE

While no hearing on the code filed with the NRA by the National Board and Association of Casualty & Surety Executives has been held, the members of these organizations are pledged to the observance of its maximum hours and minimum wages.

\* \* \*

### TIME WILL BE SAVED

Companies other than life licensed in New York are very much interested in the change that has been made by the New York department this year in announcing that they can publish their financial statements without first submitting proofs to the department and getting its approval or correction. The department states that a financial exhibit must be filed in duplicate at department headquarters and every advertisement or public announcement must correspond with that statement. Heretofore companies operating in New York in getting out their statements rather early have been anxious to advertise them before the great procession started. They have had to file them with the New York department and there might be some delay before they received official word. There might be instruction for change and that would cause a further postponement. The new ruling therefore is very much to the liking of companies operating in the state and especially those from other states.

\* \* \*

### ROOME'S NEW LOCATION

A. B. Roome, who recently went from Chicago to New York City to become eastern manager of the Republic of Texas, has established his office at 300 Madison avenue, New York City.

\* \* \*

### MANY SPRINKLER ALARMS

The sub-zero weather late last week resulted in freezing so many automatic sprinkler systems throughout New York City that when the thaw came on Sunday, with consequent leakage, there were so many fire alarms due to popping sprinkler systems that the fire department had to discard its usual automatic methods of handling such alarms as too slow. Instead alarms were dispatched to district fire houses over the teletype but these tickers like the stock market tickers of 1929, became jammed with calls and lagged badly at times. Of 212 alarms reported on definitely, and there were many more on which no data could be obtained, over 100 were for sprinkler calls.

\* \* \*

### COLLECTION SITUATION IMPROVED

While the prize gift to fire companies by the year just ended was a marked reduction in the country's fire waste, officials are likewise grateful for the distinct improvement shown in the collection of agency balances within the past few weeks. A feature of the returns is that with scarcely an exception checks received cleared promptly, instead of a considerable percentage rebounding, as was true during the dark days of 1932, and for some months into 1933. The steady reopening of banking institutions throughout the central west particu-

larly, though true to a degree in other sections, plus the circulation of funds supplied primarily by various divisions of the federal government, greatly helped agents collecting premiums and in turn allowed local men to settle accounts with their companies.

It must not be assumed that the garnering of overdue premiums was an easy task, either by agents or head officers, for in not a few cases the local men were assisted in the task by special agents, who were under pressure from their chiefs to use every possible honorable means to secure balances in time for inclusion in 1933 statements.

The hope entertained earlier in the past year that the financial condition of the companies would profit through an upswing in the security market, failed to materialize, for while stocks scored a general advance in the fall months, the movement was not sustained, largely as a result of heavy year-end selling to establish losses, and hence the marked diminution in the fire record was doubly appreciated.

### Warrant Issued on Charge of Fraud Against J. I. Reece

Charging conspiracy to defraud Tennessee, a warrant was issued at Nashville against Joseph I. Reece, former insurance commissioner, P. M. Davis, Nashville banker; Vance Alexander, Memphis banker, and A. V. Louthan, Nashville lawyer. Assistant Attorney General Goldschein, who swore to the warrant before a magistrate there, charged that the four conspired to defraud the state of \$22,632 to be used in the gubernatorial campaign of November, 1932. Grand jurors recently refused to return an indictment in the case and when Goldschein asked dismissal of the jurors who voted against the proposed indictment, Criminal Judge Hart sustained the grand jury's action.

Indicted for the alleged abstraction of \$100,000 in bonds from the Tennessee department of insurance, Mr. Reece is scheduled for trial Feb. 10 in the criminal court at Nashville. His trial has been postponed five times because of illness.

### Lumbermen's Establishes a Pacific Coast Department

Establishment of a Pacific Coast department for the Lumbermen's of Philadelphia has been completed by W. A. Waters, superintendent of its agency department, to be operated jointly with the Northern of New York under the management of R. M. Sherrard, recently appointed manager of the Northern succeeding R. W. Wetzel. The relinquishment of the Lumbermen's by the Pacific National Fire marks the end of that company's activities in the general agency field. Accompanied by Mr. Wetzel, Mr. Waters will make an agency trip through California before returning to the home office.

The Ohio Millers Mutual of Van Wert, O., has withdrawn from New Jersey.

## If Your Salesmanship Is Perfect

Don't bother to read this

If you could go into your city's tallest building tomorrow morning and, stopping in every office, sell insurance in one out of six, you won't be interested in a new booklet we've published, "Mail Advertising for Local Agents." It's intended only for those agents who need to, and want to, increase their selling efficiency. So if your selling methods need no improvement, don't send for the booklet. It's not for you.

This booklet, "Mail Advertising for Local Agents," is the seventh in a series that these companies have published in the last few years on subjects of vital importance in local agency management.

Never varying from the two-century-old conviction that the fundamentals of insurance are financial soundness, good loss-paying record and managerial integrity, these companies realize, too, that they owe a debt of gratitude to American agents. They seek to repay that in cooperation and helpfulness. This booklet, just off the press, is one little thing they are doing to partially meet their debt. You'll find it interesting. It sinks its teeth into the meat of the problem and, so to speak, comes up with a mouthful of brass tacks. Send for your free copy, now!

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LONDON ASSURANCE

The  
MANHATTAN  
Fire and Marine Insurance Company

The  
UNION FIRE,  
Accident and General Insurance Company



99 JOHN STREET

NEW YORK

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BUSINESS INTERRUPTION INDEMNITY

## THE NATIONAL UNDERWRITER

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### Challenge Made by Local Agents

THE filing of a code of fair practices with the NRA in Washington, D. C., by the NATIONAL ASSOCIATION OF INSURANCE AGENTS is fraught with momentous possibilities. The National association management realizes this as much as anyone. We may be at the parting of the ways. The governing body of the agency association desires to have determined whether the agency system as we have it in this country is to prevail or whether some other is to be substituted. If our present agency machinery is regarded as the most desirable, then the agents declare that there are certain sovereign rights belonging to them which should be protected.

Whether it was wisdom to file the code, the deponent sayeth not. The agents have considerable justice in their contentions. All in the business recognize the fact that practices have developed which should be modified so that companies and agents have the same competitive opportunity. It may not be possible to agree on self-regulatory measures in insurance that will be effective.

### Neighborliness in Insurance

PRESIDENT ROOSEVELT in his public utterances has laid great stress on the desirability of neighborliness. He has called attention to the fact that we have been too selfish and have lived too much to ourselves. We have not taken into account the conditions surrounding those about us. Our minds have been centered on personal aggrandizement. This applies not only to individuals but to corporations and all enterprises in the commercial and professional world. We have not regarded the welfare of the other fellow. The President applied this not only in a personal and business but in an international way. These observations of the President have had a beneficial effect on the minds of all. In fact the very conditions of these last years have tended to make us more neighborly-minded.

In insurance at this particular time there is an urgency for neighborly sentiment, not only among companies but among the agents and among the companies and agents. The companies are

Seemingly other great activities have been unable to regulate themselves. Insurance has done as good a job in this particular as any other enterprise and perhaps better. Some are inclined to feel that the agency association showed too much haste in filing the code and should have given the company committees further time to deliberate.

Now, however, that the code has been filed when a hearing takes place at Washington, it will be replete with potentialities. It will not only be a discussion between stock companies and their agents but non-agency companies will be represented, mutuals will be there, organization men of all kinds will be at hand and the whole insurance picture will be unveiled. The brokers' associations also will have strong men to take part. Insurance costs will be analyzed. Insurance systems will be scrutinized. Just how far the government may go in attempting to regulate insurance through a code remains to be seen. The die has certainly been cast. The challenge has been made.

suspicious of the agents and the agents of the companies. There is not the ring of sincerity that there should be. Then there is suspicion among the companies themselves and among the agents. When one makes a close up observation he finds that after all the partition dividing these various classes is but a thin veneer. In their hearts, all would like to do the right thing. They would prefer to be neighborly than not. They are afraid of their neighbors. They do not know what they might do in the dark. We need a more neighborly sentiment in insurance.

EVERYONE will acknowledge that a conversationalist of real ability has a true mission in life. It is good exercise for the mental faculties. However, the conversationalist should know what he is talking about.

THE wise man always keeps his own counsel. If he does not he cannot expect other people to keep it for him.

## PERSONAL SIDE OF BUSINESS

F. W. Schifflin, 63, Texarkana, Ark., local agent, died there after an illness of six months. He was a member of the Holman-Schifflin Company agency, formed in 1926, when Mr. Schifflin took over the interests of Dave Johnson in the Holman-Johnson Company.

H. W. Meeker, head of the local agency firm of Meeker & Meeker, Franklin, O., celebrated the 50th anniversary in the insurance business on New Year's Day. The firm is composed of H. W. and F. O. Meeker, being established in 1884. Fred O. Meeker is the son of H. W. The agency is the largest one in Franklin.

Mrs. John H. Camlin, wife of the well known local agent at Rockford, Ill., died suddenly at her home Tuesday noon of last week. Mr. Camlin had just arrived for lunch and saw his wife stricken as she sat in a chair. The funeral was held Friday. Two sisters who reside in Rockford are both ill, which added to the sadness of the occasion.

W. E. Richey of the Richey-Flickinger-Barrett Co., Cleveland, recently attended a special broadcast of his daughter, Miss Ruth Richey, over radio station WAIU at Columbus, O. Miss Richey is a member of the well-known radio team of Ruth and Blair, her partner being Miss Blair Stewart.

J. T. Catlin, Danville, Va., local agent and a former president of the Virginia Association of Insurance Agents, has been awarded the citizenship cup of the Kiwanis club of his city signifying that he contributed more than any other person to Danville's welfare during the past year.

B. F. Weaver, assistant southern manager of the Royal at Atlanta, is leaving this month to spend three months in San Francisco assisting in the merging of the Liverpool department there with the Royal. It is understood that he was selected for that task as a result of the fine work performed by him in aiding in the consolidation of the Royal and Queen offices in Atlanta when they were merged.

Funeral services for C. T. Deatrick, 76, who until his retirement several years ago served as state agent in Ohio for the Home for many years, were held at his late residence in Columbus. Interment at Defiance was deferred pending the arrival of his daughter from Florida and improvement in highway conditions. J. A. Campbell, vice-president and secretary of the Home, attended the services.

The Greater Oklahoma City Movement for 1934 will be headed by Ancel Earp, prominent local agent. Mr. Earp as chairman of the city's NRA campaign, performed excellent service.

J. W. Going of Topeka, Kan., special representative of the Western Casualty & Surety and Western Fire, and Mrs. Going celebrated their golden wedding anniversary on New Year's Day with a party given by their daughter, Mrs. Albert Patten at Topeka. Mr. Going was formerly secretary and manager of the Shawnee Fire of Topeka, which reinsured in the National Fire of Hartford.

Daniel L. Coulbourn, Jr., was christened last week with G. G. Long, Virginia state agent for the Aetna Fire group as his godfather. His father is state agent with Richmond headquarters for the National of Hartford. The ceremony took place in the home of his grandfather, T. H. Bigger, chief clerk in the Virginia department. The young-

ster is a great nephew of Col. Joseph Button, former Virginia commissioner, now president of the Union Life of Richmond.

Robert O'Gorman of O'Gorman & Young, Newark, N. J., sailed on the Empress of Britain for a world cruise. He expects to return about May 4.

It was announced this week that R. W. Snyder, secretary-treasurer of the C. B. Snyder Co. agency, Hoboken, N. J., was secretly married last September to Miss Helen Schultz of Jersey City. The announcement came as a great surprise to his friends.

Harold Oppenheimer, member of the Oppenheimer Bros. agency and president of the Atlas Acceptance Corporation, is in a Kansas City hospital with a broken knee sustained in a fall Dec. 27.

H. W. Schmeman, Detroit general agent of the National Liberty and head of the agency bearing his name is treasurer of the Goodfellows, an organization of former newsboys who don their paper sacks for one day shortly before Christmas so that no boy or girl in the city will go without a visit from Santa Claus. Mr. Schmeman and his associates collected \$80,000 this year.

Ray C. Dreher, manager of the sales promotion department for the Boston and Old Colony at their head office, is not only an advertising man, a sales stimulator, editor of the house organ, but he is a poet of no mean dimensions. In the December "Accelerator," he blossomed out as a full fledged poet, the caption of the verses being "The Agent's Christmas." It was a parody on "The Night Before Christmas."

Arthur J. Hughes of Wyoming, N. Y., who resigned recently as special agent for the Phoenix of London, was called to Milwaukee because of the death of his father, Ellis R. Hughes, who was 87 years of age. Arthur Hughes started in the business in Milwaukee as an office boy for the Milwaukee Mechanics and he later traveled in Wisconsin as well as in a number of other states. He is well known in Blue Goose circles, having been chairman of the memorial committee several years.

E. W. Bell, Jr., of the Savannah, Ga., agency of Ingelsby, Bell & Torrance, was seriously injured in an automobile accident and is in the Oglethorpe sanitarium.

Funeral services were held in Fort Wayne, Ind., Tuesday for F. H. Jones, manager in that city for the Underwriters Adjusting, who died suddenly at the age of 66. T. A. Pettigrew, general manager Underwriters Adjusting, attended the services.

Mr. Jones operated as an independent adjuster in Chicago from 1889-96 and then for six years he was state agent and adjuster for the Thuringia. From 1907-20 he was an independent adjuster at Fort Wayne and in the latter year he became manager for the Underwriters Adjusting there.

His son, DeWitt C. Jones, is on the staff of the Underwriters Adjusting in St. Louis.

H. W. Nason, agency superintendent of the America Fore companies in San Francisco, is reported to have passed the crisis in a serious illness which overtook him the early part of December. Mr. Nason was taken to a hospital in Oakland Dec. 15 suffering from a severe attack of "flu" with serious complications. He was dangerously ill for several weeks but on Dec. 29 passed the crisis, taking a turn for the better. It will be several months, however, before he is able to resume his duties.





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125 Years  
of  
Stability and Enterprise



**N** THE threshold of its one hundred and twenty-fifth year the North British & Mercantile Insurance Company, Ltd. looks forward with confidence to the future, resolved to maintain the traditions of the past and the prestige of the present, secure in the loyalty and support of its agents who have made this anniversary possible.

During a century and a quarter it has weathered conflagrations, panics, and lean years without wavering, at all times pursuing a policy of sound underwriting and conservative investment, as well as maintaining its reputation for paying just claims promptly and cheerfully.

The development between its beginning and the height now reached tells its own tale of enterprise and good management.

## North British & Mercantile Insurance Company, Ltd.

C. F. SHALLCROSS, U. S. Manager

150 WILLIAM STREET

NEW YORK



# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Rodes Slated for President

Annual Meeting of St. Louis Fire Underwriters Association to Be Held Jan. 16

ST. LOUIS, Jan. 3.—Boyle O. Rodes of W. H. Markham & Co. has been nominated for president of the Fire Underwriters Association of St. Louis to succeed A. L. McCormack of the Charles L. Crane Agency Company. The annual meeting will be held Jan. 16. Other nominations are: For vice-president, L. E. Bright, Lawton-Byrne-Bruner Insurance Agency Company; secretary, W. D. Hemenway, Jr., Insurance Agency Company; treasurer, O. D. Prowell, George D. Capen & Co.

For Class 1 members of the executive committee: C. H. Alexander, United Insurance Agency; A. C. Carr, Jr., Carr Brothers; A. F. Felker, Laclede Insurance Agency Co., and A. J. Hunthausen, C. L. Crane Agency Co.; Class 2 members: C. E. Drozda, W. S. Drozda Realty Company; H. A. O'Rourke, J. F. O. Reller and C. R. Yeckel, Yeckel-Earickson & Co.

### Wisconsin Loss Figures Are Indicative of Rural Hazard

The figures arrived at by the Wisconsin industrial commission on its survey of fires in communities both with and without fire protection reveal that while the record in the former class was substantially reduced during the past four years, the reverse holds with respect to rural districts.

Figures for the entire country show a similar trend. The National Board compilation reports aggregate loss for 1932 as \$406,885,959, a per capita loss of \$3.26. On the other hand 458 leading cities containing 41 percent of the total population had only 28 percent of the total loss, a per capita loss of \$2.22, thus attesting the beneficial results secured from efficient fire protection.

### Insurance Men Kiwanis Leaders

OMAHA, Jan. 3.—Glenn L. Cavanaugh, Omaha general agent, has been elected president of the Kiwanis Club. H. W. Ahmanson, secretary National American Fire, is retiring governor of Nebraska Kiwanis. R. F. Stryker of George & Co. is retiring Omaha president. R. P. Thomas of the Foster-Barker Co. is also a Kiwanis official. De E. Bradshaw, president of the Woodmen of the World, was the second president of the Omaha Kiwanis and Joseph Barker of Foster-Barker Co. was president in 1918. In the past 16 years, six of the presidents here have been insurance men.

### Cleveland Loss Record Good

CLEVELAND, Jan. 3.—The 1933 fire loss in Cleveland was unusually low. From the high point of \$4.25 per capita in 1930, losses were reduced to 86 cents per capita for 1933. The 1930 mark caused reduction of the city from second to third class by the National Board.

### Farm Plan Clarified

A supplementary ruling has been sent out clarifying features of the new farm instalment plan in Illinois. The supplement makes clear that under plan No. 1, the cash rate is increased only insofar as the unpaid balance is concerned. The increase does not apply to the entire premium. This is a plan under which

a three year policy may be written by paying one-third of the premium in cash or by a three months note, and a note taken for the balance of the premium to mature not to exceed nine months from the first of the month following the effective date of the policy.

### Duluth Losses Low

DULUTH, MINN., Jan. 3.—Duluth fire losses in 1933 were around \$190,000, according to preliminary estimates of Fire Chief Fisher. This is the lowest figure in a decade and compares with \$352,000 in 1932 and \$373,000 in 1931.

The reduced loss, Chief Fisher said, would retain Duluth's fourth class rating. The addition of more firemen and purchase of modern apparatus would put it in the third class.

### Regional Meet at Ann Arbor

LANSING, MICH., Jan. 3.—Ann Arbor is to be the scene Jan. 23 of another of the regional gatherings of the Michigan Association of Insurance Agents. It is anticipated that the Ann Arbor session will draw a large attendance from southwestern Michigan, including Detroit. The recently filed agents' code will come in for much discussion.

### New Activity in Omaha

Fire Commissioner Hopkins of Omaha has named Lieut. Siatta as chief of a fire prevention bureau, and the work of districting the city has started. Fire captains will be required to make regular inspections of downtown buildings, not only for purposes of discovering and

getting rid of fire hazards, but so as to familiarize themselves with interior construction. Maps are to be prepared of large building interiors for display in all fire houses so that officers and men alike may study them.

### St. Paul Losses Lower

ST. PAUL, Jan. 3.—Fire losses in St. Paul in 1933 were fully \$100,000 smaller than in 1932, according to preliminary figures compiled by Capt. John Townsend of the insurance patrol. The total is estimated at \$631,000 compared to \$751,000 in 1932.

There were no large fires in St. Paul last year, the largest losses being \$20,000 to \$30,000.

### Meet Jan. 25 on Ohio Code

The insurance code committee of the Ohio State Bar Association will meet in Columbus Jan. 25 to make plans for its work. W. E. Benoy of Columbus, well known insurance attorney, is chairman of the committee.

## MIDDLE WEST NOTES

The Insurance Agency Company of St. Louis, headed by W. D. Hemenway, has moved to its own building at 214 North Fourth street.

Clarence Lind, son of Chief Lind of the Kansas City, Kan., fire department, has been made a member of the Holcomb & Tinklepaugh agency there. He was for many years with the Albert Mebus agency, which was succeeded by the present firm a year ago.

Fire chiefs of southeastern Michigan will be the guests of Secretary G. F. Dansbury of the Michigan State Fire Chiefs Association, at Grosse Pointe Farms, Jan. 11. R. E. Vernor, manager, fire prevention department, Western Actuarial Bureau, is scheduled for a talk on regional fire schools and the value of such courses to the fire-fighters.

## IN THE SOUTHERN STATES

### Hit Flue, Foundation Rules

Louisville Board Members Seek Elimination of Clauses or at Least Changes in Wording

LOUISVILLE, Jan. 3.—Members of the Louisville Board are seeking changes in wording and if possible elimination of two clauses in the new flat rate dwelling schedules that apply to Louisville, one covering flues and the other open foundations. The purpose of the rules is to force the agent to inspect every risk written. However, if flues and foundations do not comply with the regulations, the policy becomes void in event of fire.

Even though the agent plans to inspect every risk, he can not always do it the same day as written, especially on renewals, where some change in the property may have been made through additions, etc. Likewise he can not ascertain the thickness of a flue, or if it is properly lined, except by pulling out the stove pipe. The agents claim that that rule penalizes the assured, and would make the agent liable in event of loss, where the company denied liability.

### Committee Voices Objection

A committee of the Louisville Board recently called on State Auditor Talbott, objecting to the rule. Mr. Talbott is anxious that agents inspect every risk written, especially to prevent overinsurance. After the conference he wrote the Kentucky Actuarial Bureau, asking that it suspend the flue and foundation clauses until agents and companies could get together and submit an agreed pro-

gram to the department. Manager Parker of the bureau visited the auditor, who decided that there was no need of suspending the rules pending agent and company conferences on the subject, and that they would stand until some agreement was reached.

This rule became effective in much of the state last March, but about seven weeks ago was extended to cities of the first to sixth class. It has been operative for a number of years in many other states.

### North Carolina Order Out

No Temporary License Will Be Issued to Applicants for Fire or Casualty Agencies

Commissioner Boney of North Carolina in an order to fire and casualty companies operating in the state says that the plan of issuing a temporary license pending qualification has not proved satisfactory and has been subjected to abuses. For this reason, beginning Jan. 1, temporary license will be issued only to life agents. All other classes of agents will be required to complete their qualification before any license will be issued. The adoption of the agency qualification law, becoming effective July 1, 1931, requires all new applicants for a license to successfully undertake a written examination. Arrangements were made by the department for the issuance of a temporary license on receipt of application for 40 days in order that the applicant could complete his qualifications. This temporary license was adopted primarily to

### Veteran Is Dead



WILLIAM M. WATSON

William M. Watson, for many years secretary-treasurer of the Louisville Board of Fire Underwriters until pensioned about seven years ago, died Dec. 31 at the age of 74.

Mr. Watson was with the Louisville Board back in the days when it was the rate making authority for Louisville and he personally inspected and rated a great deal of property. Later when the Kentucky Actuarial Bureau took over rating work Mr. Watson for a time was with that body, but returned to the board when M. C. Miller resigned as secretary 15 years ago to become state agent for the Royal.

Mr. Watson is survived by his widow and two sons, J. R. Watson, state agent for the Northern of England, and J. B. Watson.

facilitate the licensing of industrial life agents.

### Virginia Balances Good

RICHMOND, VA., Jan. 3.—Virginia special agents closed the year with balances in highly satisfactory shape. The situation, they say, was greatly improved compared with previous years. They are practically a unit in giving the mandatory balance rule credit for the improvement in collections. The new system, they say, has already paid for itself.

### Complete Virginia Code

RICHMOND, VA., Jan. 3.—The committee on recodification of Virginia insurance laws is putting the finishing touches on a report which it plans to submit to the general assembly this month. It has been at work on the report for several months. Important changes in the present laws are to be recommended.

### Moser Visits Southwest

A. A. Moser, president Merchants Fire of New York, is on an agency trip through Texas and Louisiana, intending to visit the chief representatives of his company in both states. He will be away from New York for several weeks.

### Seek Double Tax

OKLAHOMA CITY, Jan. 3.—An effort is being made by the Oklahoma county tax ferret to collect from local agents and insurance companies, alleged delinquent taxes of an intangible nature



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\$ 300,000.00

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OF NEW YORK

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LOYAL TO PRINCIPLE - TO LOYAL AGENTS, LOYAL



since 1916. It is contended that accounts receivable and notes are taxable, and that the phraseology of the statute "In lieu of all other taxes" is not applicable and that insurance companies and agents should be taxed upon items of both tangible and intangible nature. The claim is based upon a recent ruling of the supreme court in a similar action against the New York Life Co., when it held the company liable for taxes on furniture and fixtures and similar items.

After a thorough investigation, officials of the Associated Fire & Casualty Underwriters of Oklahoma City advised its members to file protest against such taxation with the county tax assessor, pending the result of a probable test case.

#### New Nashville Officers

NASHVILLE, TENN., Jan. 3.—The Woman's Insurance Club celebrated its 15th anniversary with a dinner. The retiring president, Mrs. Florence Lawler, Tennessee Inspection Bureau, introduced the 1934 officers: Miss Eva Woodroof, president; Miss Ann Hix, Tennessee Inspection Bureau, vice-president; Mrs. Ruth O'Leary, Snyder Brothers General Agency, secretary, and Miss Annice Mayo, Aetna Life, treasurer.

#### McCants & Riley Appointed

McCants & Riley, Columbia, S. C., have been appointed general agents in their state for the North British & Mercantile, Commonwealth, Pennsylvania, Mercantile and Homeland. The individual members of the new firm, R. M. McCants and G. O. Riley, have both had field experience in South Carolina, the former as special agent for the North British group, and Mr. Riley as representative of other companies.

#### Balk at Dual Agency Rule

BIRMINGHAM, ALA., Jan. 3.—The new dual agency rule which became effective Jan. 1 has proved a stumbling block to the effort to bring all Birmingham fire and casualty agents 100 percent into the reorganized local board. A group of non-member agents asked that the board modify its rule so as to prohibit dual company plants in the future but admitting such representations

as now exist. Its officers pointed out that the rule against dual agencies had been in effect in one form or another for 15 years and that to modify it at this time would be equivalent to penalizing companies which had abided by the rule.

Committees are still conferring on the matter. Some non-member agents with dual connections have already shown an inclination to make other arrangements and join the board.

#### Seeks Oklahoma Affiliations

OKLAHOMA CITY, Jan. 3.—J. T. Hutchinson, secretary of the Insurance Federation of America was here to interest Oklahoma insurance organizations in affiliating with the national group.

#### Blackmar Gets Leave of Absence

NEW ORLEANS, Jan. 3.—A. E. Blackmar, chief clerk of the Louisiana Insurance Commission who recently resigned, has withdrawn his resignation and obtained a leave of absence on account of ill health. Mr. Blackmar has served the commission as chief clerk since 1926.

#### Southern Notes

The Otto Sudik agency, Walters, Okla., has been sold to Miss Jennie Mills.

H. A. Brinkhaus, 80, president Washington Mutual Fire, Louisville, died there.

W. C. Vaughan has been nominated for director of the Louisville board of trade. He is chairman of the executive committee of the Louisville Board.

The Pirtle, Weaver & Menefee agency, Louisville, has changed its name to Watkins-Boedeker. The agency handles fire, casualty and general lines.

C. C. Stanfill, Irvine, former sheriff of Estill county, and Mrs. W. E. Quinn, Irvine, have formed a general insurance agency. Mrs. Quinn has been connected with the H. B. Wilson agency.

A new agency, Williams & Rosen, has succeeded Anderson & Co., Little Rock, Ark. W. H. Williams and Louis Rosen purchased the interests of their partners in Anderson & Co., formed several years ago to succeed M. W. Hardy & Co.

F. W. Ball has been appointed chairman of the Oklahoma City chamber of commerce budget raising committee to contact fire, casualty and surety men. Sam Stewart is chairman of the special agents group.

## PACIFIC COAST AND MOUNTAIN

### Fire Business Is Improved

Premiums Lower But So Is Loss Ratio  
—Automobile Insurance Better,  
Managers Report

SAN FRANCISCO, Jan. 3.—A definite improvement in fire insurance is noted by the majority of managers here. While premiums will show a reduction (about 10 percent) from the discouraging 1932 figure, the loss ratio will be between 45 and 48 percent. The shadow of fear which was created by curtailment of fire departments and withdrawal of other protective measures in many California and Pacific Coast cities, has been partially removed by the restoration of such services.

At the same time the NRA has improved conditions in many industries, such as the lumber and logging activities of the Pacific Northwest to an extent that, unless something of serious proportions occurs next year, the possibilities are vastly improved.

In the casualty business losses have been maintained in compensation and public liability. This is credited by managers to public sentiment developed during depression years. They say the public is more claim-conscious and therefore companies have been swamped by claims of all kinds and character.

While automobile premium income will show no improvement, losses are

better, just as in fire insurance. Fewer cars on the highway and less collision business has resulted in a better record as far as claims are concerned.

### Agents Opposed to Farm Plan

Unconvinced That Pacific Board's Inspection Project Would Prove Beneficial to Them

SAN FRANCISCO, Jan. 3.—Following a meeting of sub-committees of farm committees of the California Association of Insurance Agents and the Pacific Board, further study is being given the proposed farm inspection department of the board by the agents' committee. No definite future date has been set, but the agents have been furnished additional data and figures by the board, and as soon as they have had opportunity to go over this material will meet again with the board's representatives.

The plan calls for reducing commission to agents on farm business 5 percent, the board bearing the other expense of establishment and maintenance of the department, which would employ salaried inspectors.

While agents express themselves verbally as being "open minded" on the subject, the "California Agency Bulletin" says the agents' farm committee, headed by H. J. Thielen of Sacramento,

lodged emphatic protest against the plan as outlined by the board committee. The agents' committee accepted the statement that loss ratio on properties classified as farm risks might be unusually high and were willing to cooperate to find a remedy.

#### Agents Remain Unconvinced

However, in the agents' opinion, there were many other factors which might induce high losses and they believed the board's proposals were not the right answer. The committee objected against taking a reduction in commission merely to absorb a portion of the cost of the department, declaring their belief that the department's operations would have no material effect in reducing loss ratio.

Exception to the latter statement was taken by several company executives who during the past year have been carrying on experiments jointly by employing a special agent who devoted his entire time to underwriting and inspecting risks. They are convinced that this business can be placed on a proper basis through proper inspection and careful underwriting.

Members of the board's sub-committee in charge of the project are G. E. Townsend, assistant vice-president Fireman's Fund; G. E. Devine, assistant manager Hartford; J. C. Wickler, assistant manager Great American. The association is represented by H. J. Thielen, President C. T. Buckman and Frank Aaron of Marysville.

### General of Seattle Is to Conduct Agency Conference

The annual Pacific Northwest agents' conference of the General of Seattle, First National and General Casualty is scheduled for Jan. 25-26 at Seattle.

Addresses will be given by President H. K. Dent, Executive Vice-President E. W. Hall, Secretary R. H. Baldwin, Assistant Secretary F. F. Kurz, A. B. Derifield, assistant to the president, B. C. Sturges, casualty underwriting manager, O. M. Thurber, manager public relations, Harry Connors, chief fire prevention engineer, E. S. Hall, claim superintendent, S. G. Lampe, general manager metropolitan department, Ed Thomas, local agent at Portland, John Scott of Chatfield, Minn., agency supervisor Minnesota Fire Underwriters, and a representative yet to be selected from the Canadian department.

A sales building program for the local agent for 1934 will be emphasized.

On Jan. 24, there will be a gathering of the Pacific Northwest special agents and the home and branch office department heads.

The attendance will be from Washington, Idaho, Oregon, Colorado, Montana, northern California and Canada.

### New King County By-Laws

SEATTLE, Jan. 3.—The King County Insurance Association's new by-laws, recently adopted, include an initial fine of \$50 to \$250 and a minimum of \$500 for a third violation for rebating, with revocation of membership on conviction. Brokers are not allowed membership privileges. The annual meeting will be held Jan. 9.

### Blanket Clubs' Joint Meeting

TACOMA, WASH., Jan. 3.—At a joint meeting here of the Blanket Clubs of Tacoma and Seattle, A. L. Derifield, assistant to the president of the General of Seattle, spoke on "Insurance as a Profession." He declared that "an insurance man who gives a policy without knowing the condition of the company is no better than a doctor who gives an unknown drug."

"The ease of entrance into the insurance field and the attendant ignorance of many in the business constitutes one of the foremost difficulties of the greatest business in the world," he added. Loyal Snyder, president of the Tacoma



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chapter, and Walter Crockett, Seattle president, introduced their respective members.

Al White of White & Bollard, Seattle agency, spoke on the definition of marine insurance suggested by the National Convention of Insurance Commissioners.

### Briggs Membership Chief

SEATTLE, Jan. 3.—H. E. Briggs of Seattle has been named chairman of the membership committee of the Insurance Agents League of Washington. Others on the committee are W. W. Miller, Yakima; Lee Douglas, Everett; Charles Carroll, Spokane; O. B. Gilmore, Tacoma; C. J. Sorenson, Bellingham, and J. B. Balson, Chehalis.

It is expected that during the coming year the various units throughout the state will be made more compact and a better workable agency organization maintained.

### New Women's Club to Meet

SAN FRANCISCO, Jan. 3.—The first regular monthly meeting of the recently organized San Francisco Insurance Women's League will be held January 9. Miss Z. Clements, past president of the California Federation of Business and Professional Women's Clubs, is to be the principal speaker. Following meetings are to be devoted to a study of the various lines and phases of insurance with authorities on the particular subjects as the speakers. Miss Gene Theraul of K. C. Hamilton & Co. is president and Miss Florence McNeil of the Pacific Board is secretary.

### Over 36,000 California Agents

According to records of the California insurance department, there are 36,163 licensed producers of insurance in California. Of this number, 15,834 are life insurance agents. There are 1,737 solicitors licensed in the state, and 548 applicants for solicitors' licenses operating under temporary licenses. There are 2,097 brokers licensed in the state, with 67 applicants operating under temporary licenses.

### Form New Utah Council

SALT LAKE CITY, UTAH, Jan. 3.—Permanent organization of the Utah Insurance Council, formed to work in connection with the administration of the Utah code of fair practices for the insurance business, has been effected. R. W. Anderson, Sun Life of Canada, was chosen chairman; James Rogers, Rogers-Evans Company, vice-chairman; T. W. Muir, Selbach Insurance Agency, treasurer, and A. P. Bradley, Hogle Investment Company, secretary. All are from Salt Lake City.

### Zeiger Is Advanced

DENVER, Jan. 3.—R. H. Zeiger has been elected vice-president of the Mountain States General Agency. Mr. Zeiger was also promoted from associate general agent to general agent and was made a director. He became affiliated with the organization last May. Until then he was special agent of the Gerald Schuyler general agency which was dissolved following the death of Mr. Schuyler.

### Cairns Presents Colors

SAN FRANCISCO, Jan. 3.—Praising the American Legion for its efforts along community betterment and conservation lines, E. T. Cairns, vice-president Fireman's Fund and president of the Pacific Board, presented Insurance Post No. 404 of the Legion with a stand of colors. Joy Lichtenstein, manager of the Hartford and chairman of the executive committee of the board; H. F. Badger, secretary, and F. N. Belgrano, Jr., president Pacific National Fire, spoke.

Mr. Lichtenstein told how he, as a draft registration officer, registered McClure Kelly, Pacific Coast manager of

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Statement June 30, 1933

CAPITAL .....	\$1,500,000.00
PREMIUM RESERVE .....	1,232,814.86
OTHER LIABILITIES .....	290,610.62
CONTINGENCY RESERVE .....	764,275.92
NET SURPLUS .....	2,318,470.98
TOTAL ASSETS .....	6,106,172.38

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Manager Brokerage and Cook County Depts.

the North America. He then presented to the Insurance Post the card he issued to Mr. Kelly at that time—which Mr. Kelly recently returned to Mr. Lichtenstein as a memento of that occasion.

#### Beck with Penington

DENVER, Jan. 3.—The Allen Beck General Agency, headed by L. A. Beck, president of the Mountain Field Club in 1933, has been consolidated with Reed Penington, Inc., general agents. The combined business will be continued under the Penington firm name. Mr. Beck will be secretary. The Beck agency was established in 1921 and the Penington agency has been in business about 15 years.

#### Brugman Is Marine Manager

C. K. Brugman, who has been associated with the Cass & Johansing agency at Los Angeles for the past nine years in the inland and ocean marine department, has been named manager of the department, succeeding F. B. Cramer.

#### Burgess Adds Two Companies

Fred A. Burgess, branch manager at Vancouver, B. C., for the Caledonian group, County Fire and Great American Indemnity, has been appointed British Columbia manager for the American Alliance and Rochester American of the Great American group.

#### Loynahan in Portland Agency

T. E. Loynahan, formerly assistant Pacific Coast manager of the Ocean As-

cident in San Francisco, has entered the local agency field in Portland. He has purchased an interest in Gerlinger-Richards & Co., becoming vice-president of the firm, and will have charge of the casualty and bonding department.

#### Coast Notes

**E. C. McEneaney**, insurance broker, has been appointed chairman of the fire prevention committee of the San Francisco junior chamber of commerce.

**Charles Carroll**, for four years departmental manager of Marsh & McLennan-J. B. Davies & Sons, San Francisco, insurance brokerage firm, has returned to Spokane to join the J. E. McGovern & Co. agency.

As a result of improvements in fire protection facilities of **San Gabriel, Cal.**, through the adoption of recommendations made by engineers of the Pacific Board, the town has been granted a reduction in fire insurance rates of approximately 11 per cent.

Through the activities of **Jay W. Stevens**, new district chairman of the contest committee of the National Fire Waste Council for California, St. Helena and Redlands have been entered in the Inter-Chamber Fire Waste Contest.

**W. B. McKibben**, Colorado Springs, secretary of the Y. M. C. A. there for 22 years, has become a partner in the Stewart Realty Company agency, which will now be known as the Stewart & McKibben Insurance Agency.

It is possible that at the coming Washington special session a special appropriation will be sought by the **insurance department** to help defray expenses, which have proved necessary on account of the biennial appropriation having been slashed early in the year.

## EASTERN STATES ACTIVITIES

#### Maintains Company's Right

**Failure to Raise Question of Liability Before Referees Ruled No Waiver of Defense**

Failure of a company to raise the question of its liability before the referees to whom the loss has been submitted does not waive the company's right to bring up the question of liability later. This was the decision of the Maine supreme judicial court in *Bryson vs. American Eagle Fire*.

The loss was to lumber piled outside Bryson's saw mill. The policy contained a piled lumber clause, which stipulated that a clear space of 100 feet shall be maintained between the lumber insured and any standing wood, brush, etc. The American Eagle pleaded a breach of the terms of the piled lumber clause. Bryson contended that the American Eagle, by joining in the arbitration proceedings and the submission of the loss to referees, waived its defense of a breach of the conditions of the policy.

The supreme judicial court held that the arbitration clause simply provided a reasonable method of estimating and ascertaining the amount of the loss and left the general question of liability to be determined by the court. Only matters which relate to the amount of damages was in issue before the referee, those going to the cause of action being immaterial and outside their jurisdiction.

#### Report on Bay State Cities

Total fire loss for the past five years in Somerville, Mass., is reported by the National Board at \$1,416,923, the average loss per fire being \$527, "a low figure," and average loss per capita \$2.73, "a moderate figure."

The water supply is from ample and reliable source, good to very inadequate quantities available. The fire department is strong but untrained and low in effectiveness. The fire alarm system is poorly maintained, inadequate and unreliable.

The city is thickly built up, mainly

with frame dwellings, many of which have combustible roof coverages. No fire breaks of consequence and the city is exposed on practically all sides by frame construction and the probability of a spreading fire is high.

#### Report on Medford

The National Board has also reported on Medford, Mass., where the gross fire loss for the past five years was \$550,622, the average loss per fire being \$571, "a low amount," and average loss per capita \$1.84, "a low figure."

The water supply is from adequate and reliable source, ample protection available in principal mercantile districts, fair to very poor in several other important districts. The fire department is mainly well equipped but poorly trained. The fire alarm system is of improper type and with unreliable features.

There are several widely separated mercantile centers, group fires are probable and the conflagration hazard involving entire districts is small.

#### Syracuse Meeting Jan. 9

The annual meeting of the Underwriters Association of New York State will be held at Syracuse Jan. 9. There will be a meeting of the executive committee the day before.

#### Boston Board Nominees

H. G. Fairfield of Russell, Fairfield & Ellis has been nominated for president of the Boston Board at its annual meeting to be held Jan. 9. J. J. Cornish of Field & Cowles is nominated for vice-president, James Davis, secretary and treasurer, W. H. Winkley, manager, Isaac Osgood, assistant manager, F. B. Church, Jr., F. A. Dewick, H. W. Gilman, William Gilmour and H. C. Read for executive committee.

#### Hurtzig Issues Questionnaire

NEWARK, Jan. 3.—President W. G. Hurtzig of the New Jersey Association of Underwriters is preparing a questionnaire to be sent out to all members of the association, relative to their organization activities. The information



will prove valuable in determining "key" men in various parts of the state. The questionnaire will embrace local, county, state and other interests of the membership. Members will be urged to complete the questionnaire as soon as possible.

#### Change in Hartford Agency

HARTFORD, Jan. 3.—Silas Chapman & Co. has transferred its Hartford Fire agency to Francis Goodwin & Co., which will have offices at 15 Lewis street, Hartford. Francis Goodwin, 2d, who will have charge of the new firm, entered the insurance business in 1921 with Beardsley & Beardsley of Hartford, and became secretary and treasurer of Silas Chapman & Co.

#### Buffalo Agent Dies

C. M. Clarke, 78, partner in the Armstrong, Roth & Cady agency, Buffalo, N. Y., died after an illness of two years. He carried on his executive duties until last summer in spite of serious illness, but was compelled to retire at that time after several decades of service.

#### Eastern Notes

R. F. Nylen has been elected president of the Home State Agency, Westport, Conn. Abbie Nylen is secretary and J. K. Bradley a director.

Duane A. Herrick has been appointed manager of the life department of the Ruffner-Payne Agency, Charleston, W. Va., which represents the Atlantic Life and Mutual Benefit Life.

E. J. Holl, local agent at South Manchester, Conn., has been elected president of the Manchester chamber of commerce. The L. S. Jones agency, New Britain, Conn., has been taken over by L. H. Martineau, who recently completed the Aetna Casualty course at the home office.

The W. R. Hunter Company, 150 North Delaware street, Indianapolis, has been incorporated by W. R. Hunter, H. A. Hargis and A. M. Bristor.

**I**N times like these insurance agents appreciate a company which is not only financially strong, but which gives real sales help to its representatives. That is why our agents like the Twin City.



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MINNEAPOLIS, MINNESOTA

## Motor Insurance Events

### Sees Increase in Thefts

W. H. Griffith of the America Fore Urges Increased Vigilance on Part of Motorists

NEW YORK, Jan. 3.—In the opinion of W. H. Griffith, manager of the automobile department of the Continental and Fidelity-Phenix, there is likely to be an increase in the number of car thefts from now on, and he counsels increased vigilance in consequence. In support of his theory Mr. Griffith notes two primary influences, "increased reliance upon the automobile for transportation, and a comparative shortage in the supply of cars desired and afforded." During the depression years, he points out, the sale of new machines greatly diminished, old cars being kept in service by their owners, with the result that wear and obsolescence have taken heavy toll of the older machines, while the supply of later models does not meet the demand, thereby supplying a special incentive to thieves. "In an important western city," Mr. Griffith states, "the theft of less expensive cars has reached such proportions as to prove a serious problem to the police and to bring about stiff increases in the cost of insurance there."

The police of the different centers are active in seeking to check car thefts, and deserve greater cooperation from motorists in their efforts along such lines.

### Filing of Code Expected to Bring About Showdown

(CONTINUED FROM PAGE 1)

keeping abreast of the times. Some of them have been reading the insurance periodicals and know the developments. Insurance men have been going into Washington and holding conferences with NRA people. There have been W. H. Bennett, secretary National Association of Insurance Agents; W. E. Mallalieu, general manager National Board; Paul L. Haid, president Insurance Executives Association; A. V. Gruhn, general manager American Mutual Alliance; J. A. Beha, general manager National Bureau of Casualty & Surety Underwriters, and many others. Individual insurance men have written to the NRA, telling about abuses, grievances, and offering suggestions. Then communications have been sent by many of the large buyers of insurance.

#### Want an Insurance Code

There is no question but that the Washington authorities want an insurance code. They have not been more aggressive in seeking to get insurance people to file a code because of the underlying NRA principle that the code should come from industry of its own initiative; that the people in the industry know the abuses that exist and should get together through their organizations and set up a program of proper procedure. Now, however, since the agents have gone forward with a code, the insurance business as a whole is in up to its neck and there can be no back tracking.

One thing is certain and that is that if Washington tackles the insurance question, it will not be content with half way measures. The NRA authorities will not treat the insurance code problem from the point of view exclusively of the code that the agents have filed. The NRA authorities will endeavor to have a code whipped in shape that will be aimed at cleaning up the entire business. The outcome probably will be the creation of a code authority,

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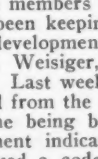
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in which there will be three government representatives. Possibly the complaints that will come to the attention of this committee will appear so great that the attention of Congress may be attracted and a congressional investigation launched. Such an eventuality is not unlikely, particularly since the Reconstruction Finance Corporation is interested in so many insurance companies.

### DODGING THE ISSUE

Local agents take the position that the points enunciated in the code are only those that should be recognized by all hands in the business. They say that superficially the agents' contentions as set forth in the code are recognized by the companies but in actual practice there is much dodging the issue and taking advantage of the situation. The agents declare that the companies have not played fair and have been insincere. They call attention to the fact that no harm can come to the companies by adhering to the rules enunciated in the code.

The agents declare that they have the same right to file a code as have those in other industries far less important. They simply ask protection which they claim is rightfully theirs and not having been able to secure it in the regular way they see no other alternative than that offered by the federal government. The National Association of Insurance Agents has had unusual pressure brought to bear upon it by members in all states to file a far more drastic code but the conservatives prevailed and the code as filed represents the composite opinion of the officers and executive committee. When the wheels begin to grind it is difficult to predict what may be the result. If the government takes a hand it will probably insist on changes here and there to reduce the cost of insurance. This may lead to the elimination of all "excepted cities" and placing agents and brokers on similar bases, that is, the brokers or producers only receive the same commission the country over and the agents a higher scale the country over, regardless of city or territory. If the government attempts to force economies there is no telling where the end may be.

It can be said that not all company men are opposed to the code. Some feel that the companies cannot get together and that therefore a certain amount of governmental regulation is necessary.

### Mortgage Men Protest

The Mortgage Bankers Association of America, through Secretary G. H. Patterson, has protested to the NRA the inclusion of any provision in the insurance code prohibition against lending agencies coercing insurance. The mortgage bankers contend that such a clause would work an untold hardship upon and practically eliminate from business many mortgage banking companies under today's conditions. They contend it has been the practice for many years for mortgage lending institutions to control the fire insurance on properties on which they have placed loans and during the depression this has been the most profitable part of their business.

The members of the NRA staff who have been keeping in touch with insurance developments are A. D. Whiteside, C. N. Weisiger, Jr., and Myron Ratcliffe. Last week Mr. Weisiger was removed from the NRA by General Johnson, he being blamed for release of a statement indicating that Johnson had approved a code provision for bankers whereby a metered system of charges to depositors would be made.

Mr. Whiteside is president of Dun & Bradstreet. Mr. Ratcliffe was connected with Goldman, Sachs & Co. and then with the real estate firm of M. A. Cushman & Co. of Chicago.

The custom is to give ten days notice of hearing. Official Washington makes clear upon every possible occasion that

the government has no intention or desire to embark in any line of business, its whole purpose being to have each line of endeavor formulate its own program, the function of the government being merely to see that regulations so devised be faithfully observed.

### COMPANY ATTITUDE

NEW YORK, Jan. 3.—Although formal filing of an NRA code was effected on behalf of the National Association of Insurance Agents by Secretary W. H. Bennett Dec. 27, the document had been unofficially before the administration for some time previous. Company officials were aware of this fact when they gathered here Dec. 20.

In spite of such knowledge the executives determined to carry on their previously announced purpose to study the whole subject of field operations, with a view to learning the nature and extent of objectionable practices, and the most effective means for their elimination. To that end the special committees to which consideration of particular subjects were assigned, were asked by resolution to continue their efforts.

R. M. Bissell, president of the Hartford Fire, who served as chairman of the managers' gathering, was empowered to call further general meetings whenever, in his opinion, occasion required.

### Charged with Stalling

Thus the formal filing of a code by the local men will not be allowed to interfere with the purpose of the executives to go ahead with their line of inquiry. Although agents, and particularly those located in centers distant from this city, gained the impression that the inability of the managers in two months to agree upon a line of procedure within the business that would attain the objectives desired by the local men without the filing of a code indicated "stalling" on the part of company men, assurance is given that the charge is unfounded.

Some executives feel that with certain modifications and perhaps additions, the code might prove helpful to the business, while others see no merit in the document whatever, declaring its preparation and submission a grave error and one from which agents may possibly suffer far more than their companies.

### Paul vs. Virginia

There is little talk of challenging the right of the federal government to control insurance affairs, in the light of the Paul vs. Virginia decision of over 75 years ago.

That the commissioners are studying the question may be taken for granted, since they are jealous of any infringement of state rights.

If as is probable the code filed by the agents fails of adoption in its present form after formal hearings and, if, as is just possible, General Johnson, noting the wide divergence of views sure to be expressed, concludes to write a code for the government of the insurance business, executives and agents alike would have something to consider.

The actual filing was a complicated matter, even more so than Secretary Bennett anticipated. Among other things a lengthy questionnaire had to be filled out, a certified copy of the constitution and by-laws of all the state associations had to be filed, as well as a statement that the proposed code is acceptable to the members of the National association.

### Miscellaneous Notes

The Birmingham Fire of Pennsylvania has been licensed in California with J. P. Breeden, Pacific Coast manager of the National Union, as general agent.

The Insurance Service Bureau, Appleton, Wis., has been incorporated by G. A. Bubolz, E. A. Dettman, M. Kimball, H. E. Gearhart, J. I. Davis and E. J. Byrne.

Howard Hinterthuer, for 12 years assistant cashier of the State Bank of Neenah, Wis., has opened a local agency in the Krueger building.



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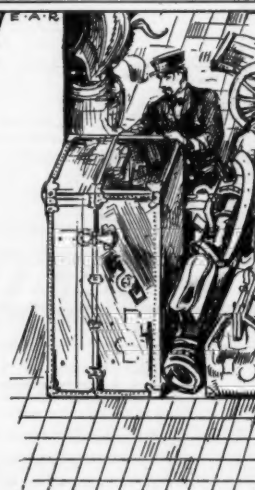
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# The National Underwriter

January 4, 1934

CASUALTY AND SURETY SECTION

Page Twenty-five

## Urges Limitations on New Companies

California Educator Believes Show of Finances, Competent Managers Is Essential

### FIELD IS OVERCROWDED

Professor Mowbray Proposes Strict Rules to Be Administered by State Commissioners

PHILADELPHIA, Jan. 3.—Assurance should be demanded by state authorities that new insurance companies being organized are not only financially capable but are in the hands of men of competence and integrity, Prof. A. H. Mowbray, University of California, urged in his paper presented at the annual meeting of the American Association of University Teachers of Insurance here. The paper was read in his absence by Prof. David McCahan, University of Pennsylvania.

"This would be a new principle in insurance regulation," Dr. Mowbray held, "but not new to our economic order, since it is applied in the regulation of public utilities. In many states the superintendent of banks is authorized to deny charters when those asking them cannot show the need for the additional facilities and at least their integrity if not also their competence to meet such as exist."

#### Productive of Many Evils

Overcrowding in the field tends to result in twisting and other evils rather than the production of an appreciable volume of new business, was Dr. Mowbray's conclusion after analyzing the difficulties that arise from cut-throat competition and the placing of business for personal reasons rather than on the ground of ability.

"The complaints more or less continuously coming to the insurance commissioners about twisting are greater in volume as the number of agents increases," he continued. "This tends to show that much of the effort of the excess representatives is to get a share of the existing business rather than to produce new business."

#### Observes Some Overcrowding

"The pressure of agents' and brokers' organizations for the passage of qualification laws may be evidence of a desire for a more or less monopolization of the field with increased profit therefrom. But when it is accompanied by statements, such as have been repeatedly made to the writer by responsible agents, that they would gladly accede to a lower scale of commissions if the number of agents were reduced by weeding out the incompetent, there is some cause to believe the reason to be that excess representation tends rather to cut into existing business than to produce

(CONTINUED ON PAGE 30)

## Medical Changes Sought in N. Y. Compensation Law

### EXISTING ABUSES REVIEWED

Committee of Doctors Appointed by Governor Lehman Makes Recommendation for Amendments

ALBANY, N. Y., Jan. 3.—Governor Lehman has made public the report of a committee of prominent physicians named to investigate medical abuses in connection with the administration of the workmen's compensation law, which lists a number of conditions that require correction and submits suggestions for amendments to the compensation law. The governor states that he will transmit the report to the legislature as soon as possible and urge careful consideration of its recommendations.

The committee states that the law has not worked for the benefit of the working man as well as had been anticipated, and that "racketeering has become notorious," particularly in connection with "unscrupulous and inefficient industrial clinics." It declares that "treatment has been needlessly prolonged and bills for medical services have been excessive. The cost of insurance to the honest employer has been thereby increased and insurance carriers have been unable to estimate accurately the actuarial risk, so that they have lost money on workmen's compensation insurance."

#### Abuses Not Charged to Doctors

Several abuses are listed, over which it is stated the medical profession has at present no control. These include the practice of some employers and insurance carriers in securing the cheapest possible medical service, which is declared to have been responsible for much medical incompetence, padding of bills, prolongation of treatment and rebating; "lifting" of cases during course of treatment, to transfer the patient to a cheaper or more favored physician or hospital, and errors in causal relationship.

Under the latter heading, abuses are charged on both sides. It is alleged that carriers have attempted to prove wrongly that patients were malingering or the injury did not result from their occupation, while in other cases diseases which have occurred three or more years after an injury have been wrongly attributed to the injury or occupation. Awards have been made by lay referees for tuberculosis, senile conditions, cardio-renal disease, neurological conditions and cancer, which had no relationship to the antecedent injury or occupation. The fact that a lay referee must evaluate the conflicting medical testimony without sufficient technical knowledge, it is stated, also results in injustices.

Abuses classed as due to the medical profession include inefficient medical treatment, over-treatment and over-charging, prolongation of periods of compensation, prolonged physical therapy, inadequate medical testimony, medical advertising and racketeering in order to secure cases.

Recommended changes in medical practice under the compensation act in-

## Promotions Announced in Yorkshire Indemnity Staff

### FIVE MEN BEING RECOGNIZED

H. F. Ellen and A. O. Robinson Are Made Vice-Presidents and F. C. Steup Elected Secretary

NEW YORK, Jan. 3.—Changes in the official staff of the Yorkshire Indemnity announced by President F. B. Martin include the election of H. F. Ellen and A. O. Robinson as vice-presidents, F. C. Steup as secretary and A. H. Ullrich and C. A. Vooris as assistant secretaries. All have been identified with the organization for some time, are familiar with its underwriting and general managerial policy and awake to the opportunities for business development along sane lines.

Mr. Ellen served his underwriting apprenticeship at the London head office of the Yorkshire Insurance Co.—of which the Yorkshire Indemnity is an American subsidiary—where he was foreign superintendent prior to coming to this city some months ago. He is now underwriting manager for the United States of the fire companies composing the Yorkshire group.

#### Robinson Trained Casualty Man

Mr. Robinson is a casualty man of the orthodox type, having been connected with the National Bureau and later with the London Guarantee & Accident prior to joining the staff of the Yorkshire Indemnity when it was launched in 1926. Two years later he was elected assistant secretary and advanced to secretary in 1930. In addition to his present office as vice-president of the casualty company he is assistant secretary of the associated fire offices.

Mr. Steup's association with the Yorkshire Indemnity dates from 1931, his earlier connections having been with the claim departments successively of the Travelers, Aetna Casualty and Phoenix Indemnity. Mr. Ullrich, too, has been identified with the company three years. Previously he was connected with the London Guarantee & Accident and with the brokerage house of J. W. Thomas, Inc.

clude limited free choice of physician by the employee, in line with the informal arrangement already made by the National Bureau of Casualty & Surety Underwriters with county medical societies in New York; enrollment of physicians for compensation work with a board designated by the county society; giving the employer or insurance carrier the right of medical inspection and transfer of cases where necessary to protect the injured workmen; standardization of medical fees and arbitration of disputed bills for medical services, both in accordance with the practice established by the National Bureau and medical societies in New York City, which is stated to have been mutually satisfactory; elimination of medical practice by insurance carriers; putting self-insurers under the same rule as other employers regarding the limited choice of physi-

(CONTINUED ON PAGE 30)

## Surety Men Watch Federal Guaranty

Underwriters More Reluctant to Write Depository Bonds Since Inauguration of Plan

### MANY POINTS ARE HAZY

Extent of Companies' Liability Under Existing Contracts Remains to Be Determined

NEW YORK, Jan. 3.—Operation of the federal government's experiment in guaranteeing, within certain limitations, the accounts of bank depositors throughout the country, was fairly launched Jan. 1. The management of the Federal Deposit Insurance Corporation reported that up to Dec. 30 all but 400 of approximately 15,000 banking institutions had joined the associated movement.

The progress of the bold effort will be followed with utmost interest by surety underwriters, as well as by bankers and business men.

#### Some Financiers Opposed

The program enacted by Congress and approved by the President is warmly commended by depositors, who maintain that under its administration the possibility of a recurrence of the banking situation last March is exceedingly remote. While some financial leaders are unqualifiedly in favor of the new move, many important figures are skeptical of the effort, holding in short that the strong and soundly conducted banks stand a chance of being penalized to bolster up the weak banks, which in the interest of all concerned should be retired from the field.

The experience is recalled of the dozen or more states that in recent years essayed to guarantee accounts in their home banks. Every one of such efforts proved a dismal failure, compelling abandonment.

#### How Plan Will Operate

Until July 1, the guarantee of the fund will apply only to individual accounts up to \$2,500. After that date the accounts up to \$10,000 will be guaranteed; those from \$10,000 to \$50,000 each will be guaranteed 75 percent, and over \$50,000, for 50 percent.

How companies writing depository bonds will be affected under the new arrangement is not clear to underwriters. The administration has not ruled as to whether depository covers are to be considered excess insurance over the guarantee, or are to participate in payment of losses from the initial sum. Until this important matter is decided, obviously it will be impossible for surety offices to know the extent of the liability they may be called upon to assume, or the rate to be charged for the indemnity.

Underwriters anticipate that there will be a sharp withdrawal of accounts from

(CONTINUED ON PAGE 30)

## Approval Near for Plate Glass Survey Department

### CHICAGO PROJECT IS SHAPING

Third of Companies in Cook County Bureau Endorse Plan, Others Are Interested

As a result of virtual approval by 11 companies of a plan sent out in an inquiry to home offices recently by the Cook County Plate Glass Insurance Bureau, Chicago, to install an inspection and survey department, it appears assured that this project before long will be started. It has been discussed in the bureau ever since organization.

#### Effort to Meet Competition

Due to aggressive campaigns of a number of companies to sell the 50-50 form, the Chicago bureau members have been seriously handicapped by the rule of the National Bureau of Casualty & Surety Underwriters forbidding its sale by all members. Recently the executive committee of the Chicago bureau sent east a request that members be permitted to write 50-50, but this was turned down Nov. 3 by the national bureau.

The concession was made that plate glass risks carrying annual premiums of \$50 or more could be equity rated, but members of the Chicago bureau find this does not meet the competitive situation. It is believed that the many benefits expected to be obtained from an inspection and survey department greatly will strengthen the Chicago bureau, will serve to reduce expenses and make possible before long the granting of lower rates which would meet competitive offers.

#### Several Benefits Cited

Among the benefits of such a department, as proved in the case of the New York City survey bureau, are elimination of duplication of inspections, closer checkup and control over salvage and a radical saving generally in expenses.

### Clanahan Casualty Manager

W. H. Clanahan has joined the Glens Falls Indemnity as manager of the casualty department in its western office in Chicago, covering Illinois, Indiana, Michigan and Iowa. He succeeds H. P. Schewe.

Mr. Clanahan has been manager of the Philadelphia office for the Preferred Accident. Formerly he was agency supervisor for the Preferred in its western department. He started in the business in 1919, in the St. Louis agency of his father, M. R. Clanahan, who represents the National Life of Vermont and Preferred Accident.

### Dr. Huebner Reelected

Dr. S. S. Huebner, University of Pennsylvania, was reelected president at the meeting of the American Association of University Teachers of Insurance at Philadelphia; R. H. Blanchard, Columbia University, was reelected vice-president; F. G. Dickinson, University of Illinois, secretary. Executive committee members are: A. H. Mowbray, University of California; H. S. Nerlove, University of Chicago, and Robert Riegel, University of Buffalo.

The association has 51 members from 31 universities and colleges. It was formed last year at Cincinnati at the annual meeting of the American Association of University Teachers. Next year's meeting will be held in Chicago. The Philadelphia program was largely devoted to life insurance.

The joint stag party of the Casualty & Surety Club of Des Moines with fire field men will be held Jan. 5.

## Day of Constructive Selling Is Here Again

In a business getting bulletin to producers, the Hartford Accident contends that constructive selling is again in order. Favorable business signs are cited and the statement is made that the practice, which has been necessary during the depression of making surveys to find what coverages an assured could drop and still worry along with reasonable protection against heavy losses, is now out of date. Insurance should be sold today with the idea of protecting the assured against any substantial loss. Valuables are coming out of safe deposit boxes. Cars are coming out of garages. Second and third cars are being purchased. Safes are becoming useful to their owners.

Clients, not lines, should be developed. Protection, not rates, should be sold.

Car owners who can afford an automobile P. L. and P. D. now can afford to protect their income and to cover the emergency expenses with a personal accident policy. Business concerns can not afford to be without non-ownership on employees' cars. Fidelity coverage should be extended. Bankers should carry adequate public liability insurance on properties which they own, control or manage.

Despite the better opportunities today, the depression lesson of collect or cancel should not be forgotten.

## Plate Glass Bill in Chicago Last Year Set at \$1,500,000

Chicago property owners lost \$1,500,000 in 1933 because of malicious plate glass breakage, E. Irving Fiery, Cook county manager Royal Indemnity and president Cook County Plate Glass Insurance Bureau reported. Because of the unusual amount of this damage earlier in the year, rates were considerably advanced. The over-all increase was estimated to be approximately 25 percent, although in July when breakages were at the peak the bureau sought and received a new rate scale doubling the tariff. Due to a falling off in malicious breaks this higher scale never was put in force. Average cost of replacing plates was \$50.

There were more than 3,000 cases of deliberate window smashing reported, but only two men prosecuted, both pleading guilty and being given probation.

Albert Kahn, president New Century Casualty, reported for 11 months of 1933, plate glass premiums totaled \$37,000 and claims \$72,000. In 1932, when the company's plate glass premiums were twice as much, claims were only \$88,000, and the year before with even greater premiums, claims totaled only \$90,000.

### Charge Monopoly on Cab Cover

ST. LOUIS, Jan. 3.—Several taxicab companies have obtained injunctions from the circuit court to restrain the city from enforcing the insurance provision of the ordinances regulating the operation of taxicabs. The companies claim that they are unable to purchase the \$5,000/\$10,000 liability coverage required by the ordinance from the larger insurance companies and that as a result one or two companies have a monopoly on this business and compelled the taxicab companies to pay the premiums demanded. Several weeks ago the taxicab companies decided not to renew their liability and property damage insurance.

When the city ordinance went into effect last June there were but two companies authorized to do business in Missouri that would accept insurance on taxicabs, the Central Mutual of Chicago and the Madison of Indiana. The Madison has informed its taxicab companies that it is withdrawing from that

## Waiting for the Action of the Attorney General

### LONDON LLOYDS IS INVOLVED

Superintendent of Banks Hopes to Have Decision Soon on Bond Legality

PIERRE, S. D., Jan. 3.—Attorney General Conway has been holding almost continuous sessions on business connected with workmen's compensation but his expected opinion in regard to the legality of state banks accepting London Lloyds bonds is expected to be shortly in the hands of the superintendent of banks. Those in a position to know predict it will be unfavorable to Lloyds. Records in the office of the superintendent of banks show that the following named banks have submitted London Lloyds bonds for approval as of the date shown: Oct. 20, 1933, Peoples Bank, Conde; Oct. 14, 1933, Community State Bank, Lake Preston; Oct. 18, Farmers Trust & Savings, Marion; Oct. 18, Hand County State Bank, Miller; Oct. 6, Farmers & Merchants Bank, Platte; Oct. 12, Security Bank & Trust, Webster.

#### Form of Bond Submitted

The following named banks have filed letters to each of which were attached copies of applications to London Lloyds for bonds to bear the dates given: Dec. 12, Farmers & Merchants, Roslyn; Jan. 2, 1934, Bear Butte Valley Bank, Sturgis; Nov. 1, 1933, Security State Bank, Tyndall; Nov. 22, 1933, Eureka State Bank, Eureka.

In each instance where the bond was submitted it was printed on the form designated HAN form(C) and on an inside page at the top thereof the line, "Approved by the insurance committee of the American Bankers Association." This is different from the form originally submitted to banks in this state by C. W. Sexton & Co. of Minneapolis, which had "Approved by the American Bankers Association," on it. Secretary Baume of the insurance committee of the A. B. A. is stated to have advised Sexton & Co. on Oct. 6 that the form originally used in solicitation had not been approved by the A. B. A. and to have requested its withdrawal. The form so used, similar to the form 2 used by surety companies, was much more restricted in coverage than the HANC form usually offered by Lloyds.

#### No Contracts Approved

None of these bonds or applications for same have as yet received approval by the state banking official, who is evidently waiting for the opinion of Attorney General Conway. No very important bank bonds, involving large premiums, are in the list given and while it appears that some business of American offices has been "raided" if these bonds are approved, it is of small consequence. All of these premiums, should the Lloyds bonds be accepted, will be subject to the 5 percent tax which South Dakota imposes on unadmitted insurance contracts.

### Rules Against School Bus Cover

The attorney general of Alabama has ruled that counties can not properly take out liability insurance on school buses. He points out that counties are units of the state, and as the state can not be sued, there is no authority for the payment of premiums on such coverage.

field in Missouri, which leaves the Central Mutual alone in the taxicab and service car business.

You will know all about the accident and health contracts of the companies doing 95 percent of the commercial business if you have a Time Saver. Order this \$4 book now through this paper.

## Automobile Liability Loss for 1933 Was Still High

### NO IMPROVEMENT WAS NOTED

Premiums Showed a Decline Because Owners Did Not Have the Money to Buy

NEW YORK, Jan. 3.—So far as companies have been able to estimate their automobile liability losses for 1933, there will not be much improvement, if any, over 1932. The stock casualty companies suffered just about an even \$5,000,000 underwriting loss on their 1933 automobile liability operations. The conditions last year were about the same as the year before. Premiums fell off because the people did not have the money to pay and hence a larger percentage of the cars were not insured. Various schemes were inaugurated to attract business. There were more improvised fleets devised in order to get a lower rate. The personal damage attorneys have been as active as ever and as usual attempts were made through purely property damage losses to convert them into liability. Whenever anyone saw the chance in sight to get some money, a claim was made. The year, therefore, has not been an attractive one from an automobile liability standpoint.

#### Premiums Show Slump

Premiums were off on automobile last year 10 to 15 percent on the average. With more people buying new cars and there being radical changes in models, insurance men look for better business this year. The property damage experience last year was as favorable as in the past. This has been the saving grace in automobile insurance. It is a line that all companies are seeking.

## Virginia Commission Acts on Auto Rate Deviations

RICHMOND, VA., Jan. 3.—Two mutuals writing automobile liability and property damage coverage in Virginia have been authorized by the corporation commission to deviate from the schedule of rates prescribed by the commission recently. The State Farm Mutual of Illinois is permitted to write the business at a rate 25 percent less and the Farm Bureau Mutual of Ohio is authorized to write at 25 percent less on passenger cars and class 4 commercial cars in territories V and VI in Virginia. The State Automobile Mutual of Ohio, has been required to continue writing at the regular rate but is permitted to collect premiums according to its installment premium plan. Application of the Indemnity of North America for permission to deviate from the regular schedule on certain special forms has been denied. The commission held that its experience with such forms was not sufficient to justify the deviations sought.

## Detroit Adjusters Are Told of New Compensation Rules

DETROIT, Jan. 3.—Changes in rules and regulations set up by state board of labor and industry for handling compensation cases were outlined to the Detroit Adjusters Club by C. S. Carney, chairman of the board. He suggested that G. F. Classon of Raymond & Raymond, president of the club, appoint a committee to confer with the state board on compensation matters, promising his cooperation and that of his associates in expediting compensation cases. E. P. Berry and W. A. Seegmiller, other members of the board, also spoke briefly.

The Adjusters Club held its mid-winter frolic Dec. 28, with 80 members and guests present.



## Virginia Agents in Protest of Decree

General Manager Beha of National Bureau Advises Matter Out of Control

### NOTHING CAN BE DONE

State Commission's Order to Reduce Acquisition Cost on Automobile Insurance Undebatable

NEW YORK, Jan. 3.—Following the action of the Virginia corporation commission Dec. 6 in ordering reduction in acquisition costs on automobile insurance, agents have protested against any change in their commission scale. As general manager of the National Bureau of Casualty & Surety Underwriters and chairman of the casualty acquisition cost conference, J. A. Beha advised Virginia agents that companies are powerless to aid them. He pointed out that the cut had been directed by the state commission as part of its ordered 10 percent rate reduction.

Mr. Beha stated, "Some time ago the commission required all companies operating in Virginia to submit complete data on their automobile business over a period of years prepared in such a way as to show losses and expenses divided into the various items. Using that data as a basis, the commission decided that the rates should be reduced 10 percent and in order to bring about that reduction production cost should be reduced by 5 percent."

#### Companies Greatly Concerned

"The companies are, of course, greatly concerned when state authorities not only decline to give them adequate rates but insist that reduced commissions be paid to the agents. The Massachusetts authorities, and now Virginia, come along declining to give us rates which we believe our experience calls for, pointing out that our loadings for expenses are excessive and that the commissions to agents are to be reduced."

"Georgia, Iowa and Minnesota have done the same thing in connection with compensation rates and commissions. Perhaps it is just as well for companies to recognize that if they are to continue doing business in certain states they may be compelled to reduce commissions and other expenses as far as possible whenever they ask for increased rates."

#### Point Out One Compensation

"The Virginia authorities have pointed out that rates in that state have been increased on several occasions within the past few years. Each advance has resulted in the agent receiving more in dollars of commission on each car insured. It has been said that the rates now approved in Virginia, even with lower commissions, will produce more in dollars for the agent for each policy sold than he was getting, for example, in 1931 when the rates were much lower than they will be after Jan. 1."

"There is no doubt that the situation is regrettable but there seems to be nothing else to be done at this time. Statistics show that the companies have suffered underwriting losses in automobile business as a whole. It is also true that whenever an attempt is made to obtain adequate rates strong opposition comes from the agents themselves who sympathize with the assured."

"Representatives of the National Bureau appearing before state regulatory bodies have been instructed to press in the most forceful way possible the ne-

## Restricted Underwriting Trend in Compensation

NEW YORK, Jan. 3.—Following the announced determination of the Metropolitan Casualty and the Commercial Casualty to cease writing further workmen's compensation risks, reports were current that other companies either had or intended taking similar action shortly. While the latter stories are not true, it is a fact that virtually all offices, including the leaders, continue to bear down hard upon the volume of compensation business they will write, insisting that such lines be accompanied by a proper percentage of other casualty coverages. The net effect of the tightening of the compensation market, in so far as the majority of continuing companies is concerned, will be

to increase the premium income from miscellaneous lines from which a modest measure of profit may be expected.

The experience of carriers in compensation business in recent years has strengthened the conviction of company officials that the only type of risks that can be profitably carried are those paying individual premiums of \$2,500 or more, the cost of servicing both in the field and at headquarters of large lines decreasing in ratio in keeping with the increase in the premium. Some of the companies are endeavoring to restrict in so far as they are able their compensation business to large premium types, taking the smaller risks only from agencies giving them a fair volume of income from general lines or on behalf of clients who have other substantial insurable interests.

The continued shrinkage of the compensation market bears heavily upon agents or brokers. It is impossible for local men to secure representation of new companies, reversing conditions that prevailed five years ago when many offices were hunting field connections and offering liberal compensation underwriting as an inducement for representation.

#### Underwriting Loss 11.2 Percent

From statistics compiled by the National Bureau of Casualty & Surety Underwriters it was revealed that in the ten years, 1923 to 1932, both inclusive, companies reporting to the New York department, had an aggregate earned premium income upon their country wide compensation writings of \$1,244,514,672; upon which their incurred losses were, \$849,492,558, with incurred expenses of \$534,078,570; or a total underwriting loss of \$139,054,456. In the year 1931 alone the underwriting loss was \$23,262,132. Expressed in ratios

the total figures for the ten year period, supplied an incurred loss of 68.3 percent and an incurred expense of 42.9 percent; the average underwriting loss being 11.2 percent. Of the total incurred expense ratio, 9.9 percent was chargeable to claim adjustment; 18 percent to production; 9.7 percent to administration and payroll audit; 2.9 percent to inspection and bureau costs and 2.4 percent to taxes, licenses and fees.

#### Difficult to Secure Increases

Agents naturally ask why, in the light of the constant and severe loss suffered by the companies upon their casualty business through a series of years, adequate rates were not secured long ago? The response is that while rate revisions have been made constantly and new filings submitted to the different state rate supervisory departments, rarely have the increases sought been granted. Even where modified advances were sanctioned these applied only to new business and renewals, no concession being allowed for risks in force. Again, the delays encountered in securing new rate approvals, because of the opposition of assureds or the time consumed by departments in analyzing the submitted experience of the carriers, resulted in a still further loss, even when an increase was finally allowed.

In the earlier years company officials were perhaps not so insistent in seeking increased rates upon workmen's compensation business as they might otherwise have been, because of the profit accruing from automobile public liability and property damage. Within the past few years however, the automobile line has also turned "sour," thereby making it imperative for the companies to secure adequate rates if they are to remain in the field and maintain their solvency.

## Adequacy of Proof of Death Becomes Issue in New York

Another case has come before the courts of New York City and others are likely to be found similar to that of Dana vs. Northwestern Mutual Life where the appellate division of the supreme court held that the beneficiary's affidavit declaring that the assured is dead constitutes sufficient proof of death. The present case going before the supreme court is Clara Julick vs. Commercial Travelers Mutual Accident. The company claims that the affidavit of the beneficiary is insufficient proof of death and Justice Cohn has directed the company to explain this defense. The company declared that the beneficiary merely filed an unsupported affidavit as proof of death. The company contends that this so-called proof was merely an affidavit claiming the \$10,000, alleging the date of death and stating that it was caused by an accidental fall. Nothing supplemental was ever furnished.

cessity not only for securing adequate rates but securing adequate agents' commissions. We have done this but the decision thereon is beyond our control."

## Upholds Law; Reinsurer May Not Be Sued by Assured

The United States district court for the district of Maryland, in a case involving the defunct Federal Surety of Iowa, has upheld the law of reinsurance that the original insured may not sue the reinsurer, because there is no privity of contract between them. The benefit of the ordinary reinsurance contract inures directly to the original insurer as so reinsured, and in the event of insolvency of the original insurer, the proceeds of the reinsurance policy are assets for the benefit of general creditors and not of the original insured as a particular creditor. The latter has no lien, either legal or equitable on the reinsurance policy.

The case was United States ex rel. Colonial Brick Corporation et al. vs. Federal Surety et al.

The court held that the bill must be dismissed as to the reinsurers. There is nothing to be gained by the plaintiffs in continuing the suit against the Federal Surety and its receiver beyond what may be obtained against them in the suit at law pending in another court. A dissolved corporation may not be sued in such a case as this in equity.

## Tightening Plan Showing Effect

Economies Put Into Effect and Closer Underwriting Have Good Results

### BETTER TONE NOW SEEN

Problems of Serious Nature, However, Are Yet Unsolved and Have Vexing Phases

NEW YORK, Jan. 3.—The effect of economies and stricter underwriting rules followed by casualty and surety companies are now being felt. While the situation in casualty and surety circles does not show any great improvement, yet undoubtedly the worst has happened and the companies that survive are resting on stronger foundations than they did a year ago. Notwithstanding the fact that workmen's compensation and automobile liability will show a deficit as they did a year ago, there is an upturn and it is being felt. The fact that companies found it necessary to revamp their internal machinery, cut out the drift wood, get down to brass tacks, study their own situation more, use better judgment in everything that was done, did not fail to be advantageous as the year's operations are analyzed.

#### Some Companies Branching Out

A few companies believe that the time has come when they can well afford to extend themselves a bit. Some have been pursuing this policy and during the last few months have not only stimulated their old organizations but have appointed a number of new agents. They have been able to overcome to some extent at least the loss in premium income. A few companies will break even on the year so far as premiums are concerned. The companies that are left with a sagacious, conservative management, whose officials possess horse sense, are beginning to rise above water and their future is by no means somber.

#### Better Tone Is Found

There is no doubt about a brighter lining on the business cloud. Retail business has been better and agents report people are buying insurance now with more avidity. As one executive put it, "People think that a better day has arrived, some say in spite of the administration and some say because of the administration at Washington. Whatever one may think, there is a better tone all around."

One official in commenting on the situation says, "What I think we all need to do now more than ever is to get down to work and quit reading so much about what the economists and theorists say. We cannot do anything about it now anyhow. If we do not believe that the present federal administration is doing the right thing, we can vote against the Democratic party at the next election. If we feel that it is wise, we can vote for it. However we are helpless in bringing about any change in midstream. Regardless of all the activities at Washington, the man who is getting down to business and doing some hard work is accomplishing something and is bettering his condition."

The Massachusetts Indemnity announces the appointment of Clay Hamlin, general agent of the Mutual Benefit Life, and Crouch & Allen, Northwestern Mutual Life general agents in Buffalo, as representatives in that city.

"The square deal companies"

## Pennsylvania Casualty Company and Associated Fire Insurance Co.

**S**QUARE dealings with agents, brokers and policyholders have built for these companies an enviable reputation. Small enough to take a personal interest in agents, yet large and strong enough to give thorough protection, these companies offer sincere agents a real opportunity. If interested write directly to the Home Office, asking about our special feature policies.

**AUTOMOBILE INSURANCE** with attractive selling features which make it easy to keep sold including preferred rates to careful and cautious drivers.

**ACCIDENT & HEALTH INSURANCE** which covers every kind of accident or sickness and is free from annoying restrictions and technicalities.

HOME OFFICE, LANCASTER, PA.

J. W. Smiley  
President

E. W. Cook  
Genl. Mgr.

## CHANGES IN CASUALTY FIELD

### Scheemeacker Bond Manager

Succeeds the Late A. C. Arnold in the Chicago Office of the Standard Accident

M. J. Scheemeacker has been made manager of the bond department in the Chicago office of the Standard Accident. He has been assistant manager and in his new position he takes over the duties that were handled by A. C. Arnold, who died last week.

Until Mr. Arnold's death, supervision of the office was divided between V. H. Bartholomew and Mr. Arnold. Now Mr. Bartholomew is in full charge, with Mr. Scheemeacker as bond manager.

Mr. Scheemeacker started in the business with the Aetna Casualty about 1918 in the Chicago office. He was employed there in various capacities, most of the time in the bond department. He joined the Standard Accident in Chicago in 1923, becoming assistant manager of the bond department. He remained in that position until 1928 when he joined the Commercial Casualty and served at San Francisco as resident secretary in charge of the bond department. In 1930 he went with the United States Casualty as Chicago manager, remaining until August of 1932, when he became reassociated with the Standard Accident as assistant to Mr. Arnold. Mr. Scheemeacker is a young man of resourcefulness in the surety business.

### Taylor Is Louisville Manager

E. N. Taylor has been appointed manager of the Aetna Life and affiliated

companies to succeed the late J. R. Falconer in Louisville. Mr. Taylor has been with the Aetna group for 12 years. He has been assistant manager in Atlanta.

### Gets Columbia Casualty

Lyman, Richie & Co., of Chicago, represented in Colorado by William F. Prindle of Colorado Springs, has been appointed general agent of the Columbia Casualty for southern Colorado. The agency for many years has represented the Ocean Accident. Cleveland & Miller, general agents of Denver, will continue to represent the Columbia Casualty for surety business.

### Great Lakes Appointments

DETROIT, Jan. 3.—The Great Lakes Casualty is extending its agency plant. The Portage Insurance Agency, Akron, O.; T. B. Heeny, Rochester, Minn., and Kunz Agency, Minneapolis, have been appointed general agents. New regional agents are W. H. Moore, Akron; Ruterbusch & Williams, Bay City, Mich. and E. B. Witt, Big Rapids, Mich.

### Cornyn Opens Law Office

T. G. Cornyn has resigned as claims manager in southern California for the Fireman's Fund Indemnity, with which company he has been connected for the past five years, to engage in the practice of law in Los Angeles with offices in the Rowan building. Mr. Cornyn will specialize in insurance law and will represent the Fireman's Fund Indemnity and other companies.

## ACCIDENT AND HEALTH FIELD

### Better Conditions Are Seen

Companies Are More Sanguine About the Future of Accident and Health Insurance

Almost all companies writing health and accident have readjusted their policies and commission arrangements. The most difficult issue to meet was the increase in renewal premiums. Salesmen always find it difficult to get higher premiums, especially when the cost of other things is down. Then again where there has been no claim and the policy has been in force for a number of years, the holder does not see why he has to pay an added premium. However, this readjusting work has been done. When the bureau companies revamped their policies and put into effect higher premiums, they gradually tackled the renewal feature and at the close of the year those that had found it necessary to jack up their rates both on new business and renewals had about completed the task. So far as the results are concerned, the companies pulled out of the year with a profit on this class.

Most officials now regard accident and health as one of the preferred lines and are urging their agents to go out into the high-ways and by-ways and bring in the uninsured. Hundreds of thousands of people dropped their accident and health insurance when the crash came, feeling that it was the one form of insurance that they could most readily dispense with. There are not many buyers of large policies, and in fact, the companies do not want big premium policyholders. Companies that have gotten out automobile policies or reimbursement policies selling for \$10 or \$15 have been able to create much new business. There is a market now for policies costing \$25 or \$30 or as high as \$50, including health and accident. In-

asmuch as economies have been instituted, policies have been revised and the underwriting has become standardized, agents are able now to take advantage of the new conditions.

### Seattle Club Cuts Dues

The Seattle Accident & Health Club has voted to reduce the dues for all members except managers and general agents to \$1 a year.

### Interesting Liability Cover

An interesting liability policy has been placed in Chicago to protect contractors and decorators, who have leased their equipment to the Civil Works Administration for use in refurbishing the interiors of schoolhouses in that city with CWA workers. Some of these contractors and decorators feared that in the event of an accident, action might be brought against them by CWA employees, charging that the equipment was defective. Although CWA employees are regarded as federal employees and are covered under the federal compensation act of 1916, there is a possibility that an injured employee might reject the compensation benefit and bring suit against the people who furnished the equipment.

### Rounds Out 30 Years

E. H. Cady, assistant secretary of the compensation and liability department of the Travelers, has completed 30 years of service with the company. Mr. Cady was instrumental in setting up the payroll audit division to audit payrolls of insureds under employers' liability contracts, and was elected to his present office after serving as superintendent of the audit division for a number of years. He is a former Hartford police commissioner. Both his father and his grandfather were lieutenant-governors of Connecticut.

## In Miami Beach its *The Fleetwood*

Opening for the Winter Season  
January first. European Plan.

An Exclusive Winter Resort Hotel, on Biscayne Bay, with Ocean Bathing, a Private Dock and every facility for the comfort and entertainment of its exclusive and discriminating clientele.

Rates Double from \$8.00 to \$20.00 per day.  
A la carte service and Fixed Price Meals.



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Other DeWitt Operated Hotels include:

In Cleveland its  
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FENWAY HALL,  
Cleveland's High-Class  
Residential Hotel is,  
also under  
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## Dunham Warns of "Cheap" Mail Order Insurance Plans

HARTFORD, Jan. 3.—In a statement pointing out the dangers of buying "cheap" insurance from unlicensed companies, Commissioner Dunham of Connecticut tells of the receipt by a Hartford company executive of an attractive circular offering an "accident policy for less than a cent a day, or \$3.50 a year."

Although the recipient has been in the insurance field for many years, he was impressed with the offer and tempted to buy this Missouri company's policy, but decided before doing so to communicate with the Connecticut department, requesting information concerning the status of the company. Investigation revealed that the company is not licensed in Connecticut; it is not listed in any of the standard insurance publications, and the 1933 report of the Missouri department showed that although it claims to have "policyholders from coast to coast," its capital is only \$25,000 and its surplus \$8,235. The attractive circular did not state, moreover, that the policyholder may be subject to assessment at any time, although he pays in advance the premium stipulated in the contract.

Another company recently sent an advertisement to the Hartford "Times" offering a "life protection policy for only \$1, which pays \$1,000 for death from any cause." Commissioner Dunham said investigation by his department revealed that the would-be advertiser is not licensed to operate in Connecticut, and that its total admitted assets are \$232.26 as against total unpaid claims of \$21,319.73. Not only was the company unsound, but the advertisement, which the newspaper rejected, was grossly untrue because the \$1 premium is payable every time a member dies, and in addition the policyholder is required to pay an initiation of \$10, and a fee of \$3 or \$4 in dues for quarterly expenses. The annual charge is thus higher than the average term rate charged by the standard life companies.

## Utah Law Not Satisfactory

SALT LAKE CITY, Jan. 3.—The Utah state treasurer is having a difficult time to secure a \$500,000 surety bond to qualify for office due to the new law which is not satisfactory to the bonding companies. Under the new measure the selection of depositories for state funds is placed in the hands of a board, the members of which are not bonded, but they decide where the treasurer shall deposit money in his care. When the measure was passed it was thought it would ease the situation which developed last year when the state treasurer was unable to take office for want of a bond.

## Hotels Seek Bonds

DETROIT, Jan. 3.—The Detroit Hotel Association, including in its membership about 30 of the larger hotels, has empowered its president, E. J. Bradwell, Book Cadillac Hotel, to negotiate with insurance agents for the issuing of double performance bonds protecting all member hotels against claims for liability or property damage resulting from the sale of liquor to minors or from the acts of guests who imbibe too freely and become involved in accidents afterward. A similar movement is under way in the Michigan Hotel Association, for which Secretary Bruce Anderson, Hotel Olds, Lansing, is acting.

## Liable on Bonds for Deposits

LINCOLN, NEB., Jan. 3.—Attorney General Good in an opinion to the banking department holds county treasurers will be liable on their bonds for any money deposited in banks, all but one of which have refused to qualify as depositories under the state law, where a loss occurs through failure of the bank. Banks have refused to become depositories because of the requirement that they pay interest on deposits.

## Great Lakes Casualty Has All-Risk Liability Form

The Great Lakes Casualty of Detroit has come out with what is termed an all-risk public liability policy, providing unrestricted country-wide coverage for the conduct of business operations, except aircraft, watercraft and licensed automobile. It covers responsibility of corporate officers, products, elevators, switch tracks, work sub-let, equipment, all locations, teams, blanket general liability.

Among prospects are manufacturers, trust companies, jobbers, building and loan associations, produce merchants, bottlers, distributors and retailers.

President Armstrong Crawford states the practice of issuing a variety of standard form limited public liability policies in an endeavor to give all-risk coverage has proved inadequate, unsatisfactory and deficient.

The form will be underwritten at the home office upon the completion of a questionnaire. The premium is based on the hazards involved and the probable contingencies of each risk. It is applicable to all business except contractors, public utilities, public carriers, mining operations, manufacturers of explosives and other similar extra hazardous enterprises.

## Writing Gas Tax Bonds

Decision was reached at a conference of about 18 surety company representatives with J. M. Braude, assistant to the director of the Illinois department of finance, at Springfield, that legislation should be sought in Illinois to remove from the motor tax fuel bonds in that state the financial guarantee element. These bonds are not being written by surety companies in Illinois under the present law. Mr. Braude said he recognized the position of the surety companies and he solicited their aid in drafting suitable legislation. The legislative committee of the Surety Association of Chicago will study the question. The Wisconsin law was favored by some and that statute will be analyzed.

## Opens Service Office in Iowa

The Fred L. Gray Company of Minneapolis, one of the well known general agencies in the northwest, has established a service office in the Iowa theater building at Cedar Rapids in charge of O. A. Wicker, who has been field supervisor. The company is northwest manager of the Standard Accident.

## Auto Superintendent Dies

E. T. Guinan, for the past 10 years superintendent of the automobile department in the New York City office of the United States Fidelity & Guaranty, died Dec. 28. He had been identified with casualty underwriting since 1923 and was particularly well known to the brokerage fraternity in the metropolitan area.

## Insurance Attorney Found Dead

C. W. O'Donnell, prominent Denver insurance attorney, was found dead in his office. He represented the Great American Indemnity, American Surety, New York Casualty and other companies in adjustments, being a specialist in insurance law. Formerly he was district manager for the Ocean Accident at Washington, D. C.

## Buckeye Union's New Agents

The Buckeye Union Casualty of Columbus, O., appointed more than 125 new agents during last year.

Earl Muil, Port Huron, Mich., who had been representing the unlicensed Fraternal Mutual Benefit Association of Salt Lake City, was fined \$25 and placed on probation for a year when taken into court on a charge of selling insurance without a license.

1898

WE DO OUR PART

1934

## "Thank You for Calling My Attention to the additional \$12,500"

TERRELL, DAVIS, HALL & CLEMENS  
ATTORNEYS AT LAW  
SAN ANTONIO, TEXAS

October 23, 1933

Maryland Casualty Company  
San Antonio, Texas

Gentlemen.

A short time ago you delivered to me a check for \$39,000 to Mrs. Flossie D. Terrell, covering the two policies held by my brother, Dick O. Terrell, accidentally killed September 1, 1933.

Both his wife and I were under the impression that your policies provided for only \$26,500, entirely overlooking an additional \$12,500 provided under the accumulative provision.

I desire to thank you on behalf of his wife and myself not only for the check and the prompt and courteous handling, but further, that you called my attention to the policy provision for the additional \$12,500.

Yours very truly

*M. Terrell*

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## Surety Men Watch Federal Guaranty

(CONTINUED FROM PAGE 25)

banks that declined for one reason or another to accept the terms of the deposit corporation, and for that reason, however worthy an institution may otherwise be, it might be compelled to close its doors through lack of business. This condition would not be pleasant to surety offices holding bonds on institutions of such type.

### Watching Venture Closely

Because of the disastrous experience on depository bond covers the past three years, all companies have been writing such risks with utmost circumspection, some, indeed, having cut out the line altogether. Until operation of the new guaranty plan is clearly defined and opportunity afforded to learn the hazards as well as virtues of the venture, surety underwriters will defer charting a general course with respect to depository bonds.

### Income Far Less

That the income from the line this year will be far less than in the past goes without saying. Launching of the guaranty system and general reluctance of underwriters to accept a line of business that cost them so dearly of late makes that result certain.

Salvages under depository bond losses were considerably less in 1933 than in 1932, and materially below the expectations of company executives. The hope is voiced, however, that with returning general prosperity banks in the hands of liquidators will be enabled to dispose at least of a percentage of their frozen securities and likewise recover under obligations of customers now in default, in which event salvages to surety offices should be more or less substantial in 1934.

## Urges Limitations on New Companies

(CONTINUED FROM PAGE 25)

new business. . . It would appear that we have a probable overdevelopment of facilities at the present time and will have until the business tempo of the country is many degrees faster than at present.

### Suggests Strict Limitations

"Considered from the economic, now legal, point of view, no further increase in insurance facilities should be permitted, except (1) to meet the problems of agriculture (for a general all-risk crop cover) not now met; (2) to meet the needs for coverage of risks of pioneer industries not heretofore fully visualized; (3) if, as and when the filings under our surplus line laws show conclusively the present facilities are inadequate to meet our needs.

"It may be wise to consider whether it is possible or desirable so to broaden the underwriting powers of existing carriers as to permit furnishing householders and perhaps others with an 'all-risk' cover, similar in type to the so-called 'jewelers' block policies."

### INVESTING JOBLESS FUNDS

Investments in unemployment insurance funds should consist of not less than 20 percent in cash, 40 percent in federal securities and the remainder in state and municipal bonds. This was the recommendation of C. A. Kulp, professor of insurance, University of Pennsylvania, in an address before the meeting of the American Association of University Teachers of Insurance at Philadelphia.

Such a portfolio, he said, could not disorganize the financial and trade system and might provide a means of introducing a measure of social control. Fear of the investment problems of the

fund should not be a deterrent to making a start with some variety of unemployment compensation plan, he said.

With such a structure there will be a possibility of sterilizing the fund in the upswing of the cycle when business expansion should be checked and there will also be the chance of positive control of expansion and deflation through reserve bank operations.

## Medical Changes Sought in the N. Y. Compensation Law

(CONTINUED FROM PAGE 25)

cians; provision for medical advisory and appeal boards, to which the referee or industrial board may refer medical questions, and a requirement that at least one member of the industrial board be a physician, inasmuch as its work is

to some extent concerned with medical problems.

Changes in general procedure that are recommended include: Punishment for rebating, splitting or refunding of fees and for soliciting or advertising for work; provision for licensing, inspection and regulation of compensation medical bureaus or compensation clinics, and regulations expediting hearings before referees, reducing the frequency of postponements.

### Observe for Two Years

The committee believes that adoption of these changes should result in the elimination of many of the faults in the present law. It recommends, however, that a committee be appointed to observe the operation of the revised law for two years and recommend correction of faults which may be revealed by subsequent experience.

## WORKMEN'S COMPENSATION

### See Some Effect from NRA

Compensation underwriters hope for some improvement when new Employees Become Hardened

Compensation underwriters are beginning to see some effect of the NRA movement. For instance, the general result has been to reduce working hours. This has had an effect on accidents that can be traced directly to fatigue. For instance, truck drivers undoubtedly have been on the job for too great length of time and become utterly exhausted. Many truck accidents are attributable to fatigue on part of the driver.

The NRA movement has served to bring in a number of new employees, many of whom are not hardened to toil. Until employees get accustomed to their tasks and physically acclimated there will be more accidents but in time these should be reduced. In the long run the general impression is that the effect of the NRA movement will be to reduce accidents.

### Not in Course of Employment

The Washington supreme court has held that a street car operator, who was injured when he stopped his car to mail a personal letter, was not in the course of his employment. The case was Hill vs. department of labor and industry.

The court held that an employee injured at a time when he is doing something solely for his own benefit or accommodation, and not while engaged in or furthering his employer's business, is not injured in the course of his employment. The mailing of a letter is wholly foreign to the employment upon which the injured person is engaged, and necessary neither to his health nor physical comfort.

### Must Deal With Authority

ST. PAUL, Jan. 3.—Companies desiring to cancel compensation policies must deal with some one in authority representing the assured. This, in effect, is the ruling of the Minnesota supreme court in a case involving the Standard Surety & Casualty and the Sun Indemnity.

The Sun had requested its agent to cancel a compensation policy and the latter had placed the coverage with the Standard, and at the same time requested the release of the Sun policy. The agent's dealings were with an employee of the assured and the court held that the officials of the latter had no knowledge that the cancellation had been sought.

### Idaho, Montana Rates Advanced

Rate advances on workmen's compensation insurance will become effective in Idaho and Montana Jan. 31.

### Sees Crisis in Compensation

Writer in Chemical Trade Journal Cites Tendency to Indemnify for Extraneous Misfortunes

P. W. Gumaer is the author of an article in the trade journal "Chemical Industries" on workmen's compensation insurance in which he comes to the conclusion that if the extension of compensation to provide relief from misfortunes other than injuries for which industry is actually responsible is not stopped and a breakdown occurs in the system of compensation payments, the chief sufferers will not be the employers or the insurance companies but the injured employees and their dependents who legitimately are entitled to benefits under the compensation law.

The author discusses the occupational disease problem and points out that this is of particular interest to the chemical industry since the term usually means an injury to the health of workmen caused by exposure during their employment to various chemicals such as lead, benzol, arsenic, etc.

Mr. Gumaer expresses the belief that compensation is facing a crisis leading to a complete breakdown of the whole system of benefits to injured workmen. The trend in this direction, he says, has been obvious for some time to executives and insurance men and recent events have brought it to the attention of the public.

### Change Liquor, Radio Listings

NEWARK, Jan. 3.—The New Jersey Compensation Rating & Inspection Bureau announces changes in the rate manual, approved by Commissioner Kelly, effective March 31. Many of the changes affect beer and liquor dealers or distributors and brewery workers.

Changes have also been made in the classification for radio broadcasting or commercial wireless stations.

### Resume Hearings Jan. 8

NEWARK, Jan. 3.—The New Jersey legislative commission, which has been holding hearings on workmen's compensation conditions in the state for the past two months, will resume Jan. 8 in Newark. Considerable data has been collected through the hearings already held and it has been intimated that a number of radical changes may be made in the workmen's compensation act. It will be at least a month before the hearings will be completed. A number of witnesses have appeared at private executive sessions, from whom valuable information has been secured.

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## NEWS OF THE COMPANIES

### R.F.C. Deal Is Consummated

**Loan of \$3,375,000 Is Made Available to Standard Accident and Michigan Department Approves New Setup**

LANSING, MICH., Jan. 3.—Changes in the financial setup of the Standard Accident, Detroit, made possible through the recent R.F.C. loan to the company, have been given approval by the Michigan department and necessary amendments to the articles of incorporation have been filed. The attorney-general certified that the amendments were in legal form.

Capitalization under the new setup is increased from \$2,000,000 to \$3,250,000. This is divided into 75,000 shares of non-assessable preferred stock with par set at \$10 but with an actual valuation of \$45, and 250,000 common shares, also with \$10 par. The 100,000 shares of common stock under the old setup had a par valuation of \$20.

#### RFC Holds Preferred

The RFC will receive the preferred stock issue as part of the security for the loan of \$3,375,000 recently extended. By selling the \$10 par shares at \$45 a surplus contribution of \$2,625,000 results.

The increase in authorized common stock from 100,000 to 250,000 shares provides a common stock reserve which may be issued and delivered when the conversion privilege is exercised and the preferred stock retired.

The preferred issue bears a dividend rate, subject to action of the board, of \$2.25 per share annually, payable on a quarterly basis. These shares are redeemable with 30 days' notice at the valued price of \$45, together with interest from date of issue to date of conversion, less whatever dividends have been paid.

### Travelers' Income 189 Million

**Volume for 1933 Within 4½% of Previous Years—Strong Cash Position Noted**

HARTFORD, Jan. 3.—The total income of the three Travelers companies for 1933 was \$189,334,000. Of this \$159,415,000 came from premiums, according to preliminary annual figures. The 1933 volume came within 4½ percent of that for 1932 and increases were registered on general public liability, burglary, fire and tornado, steam boiler and plate glass.

In commenting on the result, President L. Edmund Zacher said: "A very satisfactory improvement in the character of the companies' business has been made during the past year and we enter the new year with the organization as a whole better equipped than ever before to serve our agents and policyholders. Let us look forward to 1934 with confidence and be prepared to prosecute our opportunities with diligence and success."

#### Increase in U. S. Securities

Further purchases of government securities were made by the Travelers companies during 1933 and these holdings now amount to \$112,200,000, an increase of \$27,400,000. Cash in hand is over \$18,000,000, slightly more than a year ago.

Premiums collected in cash in 1933 were as follows:

Life insurance, \$99,182,000; accident and health, \$11,021,000; liability, \$4,979,000; automobile casualty lines, \$20,204,000; compensation, \$10,821,000; burglary, \$2,153,000; automobile fire, theft and tornado, \$1,418,000; fire, tornado and miscellaneous fire lines, \$7,809,000; boiler, \$841,000; machinery, fly wheel

and miscellaneous lines, \$330,000, and plate glass insurance, \$652,000. New life business put on the books during the year aggregated more than \$453,000,000.

### Receiver Is Appointed for Belt Casualty of Chicago

Application for receiver for the Belt Casualty of Chicago was made in the circuit court there Tuesday on the recommendation of the board of directors of that company, who took the step voluntarily because of the fear that an outsider might seek a receivership in federal court. H. B. Hershey, official liquidator of the Illinois insurance department, was named receiver. In the bill the deficiency is set at \$176,000.

The company's greatest difficulty was caused by the failure of the Lake View State Bank of Chicago, in which the company had deposits of about \$150,000. In addition the insurance agency, which is affiliated with the company, had large deposits there and that loss reduced the resources of the officers and others interested in the company to such an extent that they were not able to help out the Belt Casualty with their own funds when bolstering was needed.

#### Automobile Company

The company specialized in automobile, writing automobile public liability, property damage, collision and automobile theft, at from 10 to 20 percent off manual. Formerly a joint policy was written with the old Chicago Fire & Marine, that company writing the fire item. Its principal agency plants were in Minnesota and Pennsylvania, although it operated in about 15 states. Recently its license was canceled in Tennessee.

As of Dec. 31, 1932, assets were reported at \$463,545, including mortgage loans \$114,307, bonds \$23,556 and premiums in course of collection \$140,798. Loss reserves amounted to \$77,452, premium reserve \$139,252, capital \$200,000 and net surplus \$28,855.

The company was organized in 1929, succeeding to the business of the Belt Automobile Indemnity Association.

C. M. Nichols is president and Edgar Vanneman is vice-president and secretary.

In 1932 net premiums written amounted to \$502,994, losses incurred \$304,353, expenses incurred \$212,106, loss ratio 59 percent and combined loss and expense ratio 101.1 percent.

### Continental Casualty to Show Gains, Behrens Says

President H. A. Behrens of the Continental Casualty has issued a bulletin to the field force, advising in a general way what the 1933 statement will show. There will be a substantial increase in cash and United States government obligations and other public bonds. Between 20 and 25 percent of the assets will be in cash and government obligations.

There will be a contingency reserve for securities fluctuations sufficient to write down to market quotations all bonds ineligible for amortization and all stocks.

Net premiums will show a slight increase over the year before.

#### U. S. Casualty's Increase

The United States Casualty announces that additional funds to increase its capital to \$1,000,000 have been paid in. Heretofore the capital has been \$750,000. With the added funds it will show a net surplus of \$500,000 and a contingency reserve of about \$1,000,000.

# GENERAL AGENTS

*This cooperative goodwill campaign which explains the advantages of the General Agency plan is fostered by the General Agents whose names are listed. Each of these is a member of the American Association of Insurance General Agents. Their duties are purely supervisory.*

The value to agents of placing business through General Agencies was never more apparent than today. . . . General Agents are always willing and ready to help Local Agents with any insurance problems. . . . General Agents know their territory by being right on the ground and their knowledge saves Local Agents and their assureds dollars as well as valuable time. . . . Get acquainted with your nearest General Agent listed below. . . . You will find that contact helpful.

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Texas and New Mexico

**These General Agents Do not Compete with Local Agents—They Are in Effect Home Offices in Their Territory**

## London Lloyds Is Meeting Demand

(CONTINUED FROM PAGE 1)

Last fall, the final date Jan. 1 was set by Director Palmer for filing a certificate of compliance with the demands. London Lloyds' representatives sought to secure approval of Illinois officials to a plan under which premiums collected in Illinois would have been impounded until a \$250,000 fund had been accumulated, after which any excess would have been transmitted overseas. However, it is reported that the Illinois department ruled against such an arrangement. There would have been an initial period when the accumulated premiums would not have been sufficient to meet the demand for guaranty.

### Question of Liability Limit

Some interesting questions are perplexing insurance men in connection with the renewal of London Lloyds' license in Illinois. Section 4 of the Illinois Lloyds' act stipulates that the maximum amount of liability to be assumed by an individual underwriter on any single risk for each kind of insurance shall not be greater than 10 percent of each

underwriter's guaranty deposit. It is not generally known how the sum of \$250,000 was arrived at as a measure of meeting Illinois law requiring guaranty funds. However, it is reported that Mr. Palmer assured himself that London Lloyds was financially sound and arbitrarily set the figure. It is understood that he probably will not seek to invoke section 4, as to do so would impose the small liability limit of \$25,000.

Section 5 of the Illinois act requires that available assets for payments of losses should be at least five times the amount to be assumed net without reinsurance in licensed insurers upon a single risk cumulative for each kind of insurance. This also was a factor in the negotiations.

Mr. Lord's office is preparing to make the annual statement required in Illinois of all insurers, to be filed by March 1. This, however, probably will not include the entire setup at London Lloyds, but only figures on Illinois business as in the past. The 1932 statement, reported by the insurance department March 13, 1933, showed net risks written \$57,381,452, net premiums received \$339,075, losses paid \$159,753, losses incurred \$35,678. Income from U. S. business was set at \$449,716, disbursements \$460,449, assets \$80,091, and liabilities \$199,210.

The report for 1931 showed Illinois risks in force \$82,626,780; premiums in force \$353,957; premiums received \$407,938, and losses paid \$1,145,863. Income in this country was set at \$1,492,099, disbursements \$1,437,028, assets \$90,824, and liabilities \$190,505.

### Much More Business Done

It is well known that for many years London Lloyds has not recognized the necessity to report upon its business done in states other than Illinois, and that the figures for the United States business as a whole must be viewed with this fact in mind. It is conservatively estimated that its business in the United States outside of Illinois was many times greater than was done in that state.

Some idea of the magnitude of London Lloyds may be gained from a declaration as to 1927 financial setup filed by Mr. Lord in January, 1932, with the Illinois department. Deposits of members of Lloyds placed in the hands of the committee at Lloyds were appraised at actual value of approved securities protecting all policies, the figure set being £10,877,625. Minimum deposit of an underwriter was set at £5,000, with additional deposit requirement if the underwriter desired to engage in fire and accident insurance as well.

Mr. Lord stated that in addition to these deposits, all underwriters at Lloyds conducting fire and other non-marine business were required by act to furnish securities in the shape of annual guaranties which together with deposits made to the committee must never be less than their premium income for such business in the last preceding year.

These guaranties are approved by the Board of Trade of London, and the committee at Lloyds certifies annually to the board that the proper amount of security has been furnished by each underwriter. Mr. Lord stated that for the years 1923 to 1926, inclusive, these guaranties aggregated: 1923, £11,013,923; 1924, £11,599,906; 1925, £11,167,138; 1926, £11,003,092.

Figures for the succeeding years have not as yet been presented in Illinois.

While the financial integrity of London Lloyds is unquestioned, many insurance men consider that current figures based on more recent valuations such as United States companies necessarily have had to use, would be more illuminating.

## Eight Point Collection Plan for Agencies Is Presented

(CONTINUED FROM PAGE 3)

there were many companies which were hard boiled and they collected. Some who sent their special agents down to collect and stay in town until they did. In many cases the result would be that their business dwindled and died and in the end they would be eased out.

"But the inevitable happened. The crash came. Banks closed. Loans were called and not made. Cards had to be laid on the table. No longer could an agent, running for more than ten years insolvent to the tune of thousands, hide the true state of affairs. Some just quit, but I am glad to say they were few, with irretrievable loss to the companies; others manfully came to the front and have struggled at great sacrifice to themselves to do the square thing. This depression has separated the sheep from the goats.

### Tribute to Honest Agents

"For the many agents who have always recognized and met promptly their company obligations and have come through unscathed, we have the profoundest respect; likewise we respect the agent who has manfully admitted his error, and is trying to pull through honorably, and to him we must extend the right hand of fellowship and help him in his hour of need; for the agent who quit and threw the loss on the companies we have nothing but contempt.

"On the other hand we know of no business that puts so much faith and trust in the honesty of mankind to the extent that the fire insurance companies have, and had less financial loss from bad accounts in comparison to volume of business done. It is an outstanding fact for which we can be justly proud, and therefore it behooves us to continue that faith and trust, and to help the honest agent who is now in trouble and not to tear down and destroy, but rather to build up on a sounder and healthier basis if we expect to carry on and help the business."

In reviewing his eight point plan for delinquent agencies, Mr. Thomson said the bank account plan is the only way to keep the agent from temptation. "They will all say they practically do the same thing; they do, but only on paper. The only safe way is the 'cash and carry plan'; to actually do it with the cash.

"Limiting the agency to a determined percentage of earned commission, enables him to apply something on past unpaid but collected premiums due to the companies out of earnings of the agency, not out of the companies' money.

"If the agency is placed on a percentage basis of payment out of his commission account, it is obvious that the better he collects, the more he personally gets, and likewise the more the company will get. By depositing gross receivables collected, together with a monthly portion of his profits on going or current business, it is inevitable that the agent liquidate his obligations to the companies and place himself on a proper credit basis.

"If an agent adheres to the proposed plan, even after he has liquidated his deferred balances and placed himself on a proper time paying basis, he can build up in time for his agency a reserve, or surplus fund, which can be used for financing so to speak, or for granting longer time credit to valued customers (every agent seems to have them) who, in his opinion, are deserving of credit longer than the companies

can safely grant. And here again human nature will assert itself. With no strict or severe penalty resulting, loaning companies' time and money will generally speaking render an agent careless, but if an error in judgment would affect the agent's personal finances, he will be much more careful. That is true in any business. Loaning other people's money, with no penalty for bad judgment, has caused the downfall of many banks. Companies and other businesses build up a surplus. Why not a local agent? In the matter of bank accounts, the plan is even more flexible than it appears on the surface. If so desired, for any reason, a casualty premium account can be opened and treated in the same manner as the fire account."

## Hartford Offices and Investments

(CONTINUED FROM PAGE 3)

type of their investments in the rail bonds.

"A railroad," one executive pointed out, "is similar to a house in financial structure. First comes its common stock, then its preferred. Then come the so-called 'pure debentures,' which are nothing more or less than an unsecured note of the road. Then come the junior bonds, the second and third mortgage obligations. But at the foundation of the structure are the first mortgage bonds. They will be the last to be affected. We don't hope to avoid the lightning in insurance companies. It is likely to strike here and there in 1934. But we are prepared. How? By confining our investments to the basic security which underlies the most needed of all things necessary for our living. This security is the first mortgage bonds of Class 1 roads comprising our vast transportation system."

### Cut Down on Employees

"Normal purchasing power of the railroads," declared one responsible for his company's investments, "is about two billions yearly. It is now cut to \$500,000,000. The loss of this billion and a half leads to distress and unemployment. Normally the roads will employ 1,600,000 people. Now they use barely a million. Thus are added more unemployed. This is a striking and vivid illustration of the importance of the railroads. To me it is indicative of what will happen if there is the slightest upturn in traffic. The gain in earnings will be pronounced."

Hartford companies have made it a policy to cooperate as much as possible with the banks with which they do business. They dislike to close an account and they have shown a willingness to "play along" with a bank even when they know the institution is having difficulties. One method of their cooperation is to pay the charges of collection of drafts when the banks declare they are losing money.

Insurance companies in this city are proud of the fact that their investments have held up so well in the present economic unrest. No Connecticut chartered company has appealed to the Reconstruction Finance Corporation for aid. For real "trusteeship," and all that the name implies, Hartford executives declare that insurance in this city has compiled a record not equalled in any other section.

This insurance community may be aptly termed as "compact." Executives of rival companies are constantly in touch with each other through a common meeting ground of industrial and banking directorates. All are interested unselfishly in maintaining unimpaired the credit of local companies, the confidence of the policyholder and the investor. Deeply rooted in the soil of Puritanical background that trite, but excellent, characterization, "New England conservatism," is best exemplified here. The record it has compiled speaks for itself. It is unchallenged.

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In replying give outline of experience and state age.

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My proposition will reduce acquisition costs, is unusual but unique to meet present conditions, and is well worth investigation. Unquestionable references as to character and past performance.

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# RECENT COURT DECISIONS

## FIRE & MARINE

### Iron Safe Clause Decision

**West Virginia Court Holds Against Insurer Which Contended Inventory Improperly Kept**

The West Virginia supreme court of appeals in *Kelmenson vs. British America* has held against the insurer, which denied liability on the ground that the terms of the iron safe clause had been violated.

The property that was destroyed was wool, which was bought ungraded, then packed in bags and stored. The number and weight of each bag was entered on loose ledger sheets. The British America contended the sheets for the inventory were undated and it is necessary for *Kelmenson* to explain by parol every entry on the paper.

#### No Particular System

The supreme court held the law prescribes no particular system of making an inventory. The insured is permitted to record the inventory in his own way and to explain his system. If the stock of wool on hand is ascertainable from the records of *Kelmenson* "with the assistance of those who kept them," the stipulation for an inventory is satisfied. Most courts require only a substantial compliance with the iron safe clause. It is immaterial that an inventory is not so full and particular as might be expected or desired, provided it is sufficient to inform the insurance company with reasonable certainty of the quantity and value of the goods in stock. The iron safe clause will not be construed to require the insured to do so vain a thing as to keep books when there are no relevant transactions to be recorded. Insurance policies do not exact a vain thing of the assured.

#### Counterfeiting No Bar

The fact that counterfeiting was carried on by means of a small press in the basement of an insured dwelling does not invalidate a fire insurance policy, according to the Michigan supreme court, where the press had not been used for some time and the counterfeiting did not contribute to the fire loss. The case was that of *Girard Fire & Marine vs. Fred Scott*.

#### First Appraisal Fails, Second Is Unnecessary

Where an appraisal fails without the fault of either party, a second effort to appraise is not a condition precedent to recovery on the contract, according to the United States circuit court of appeals, 10th circuit (Okla.), in *Norwich Union et al. vs. Cohn*.

Cohn was the owner of a hotel, which burned. There was disagreement as to the amount of the loss and an agreement was entered into to appraise the loss. The appraisers agreed upon an umpire and the work of appraisal was commenced. There was an adjournment and efforts to agree upon a date satisfactory to the appraisers and the umpire proved unsuccessful. The company representative demanded of Cohen that a new appraisal agreement be entered into. Instead, Cohen commenced the suit.

The court held that the contract does not require the insured to agree to a second, third or a fourth appraisal if the first one fails without his fault.

### Mortgagee's Consent Needed

**New Jersey Supreme Court Holds Owner Cannot Cancel Policy on His Own Account**

Reversing judgment of the lower court, the New Jersey supreme court has held that a property owner does not have the power to cancel a policy with a mortgagee clause without the consent of the mortgagee. The case was *Schellhorn Bros. real estate agency vs. National Liberty*.

Albert and Alma Blum were the owners and the Hudson County National Bank was mortgagee. The Blums sought to obtain the policies from the bank to substitute policies of another company but failed. They then gave notice of cancellation to the National Liberty and to the bank. The National Liberty refused to return the premium claiming there was an outstanding interest of the bank with which it had a contract, made with the consent of the assured and as part of the contract, and for the added reason that the policies were not surrendered.

The high court held that the policies with the rider are in effect a tri-partite agreement in which the owners have their interest in the property protected against fire subject to the prior right of the mortgagee to be protected for its losses. In a legal sense, the policy is in the hands of both the owners and the mortgagees.

#### Risk Encumbered, Policy Avoided

Reversing the lower court, the Wyoming supreme court has held for the

National of Hartford under a policy covering property, against which foreclosure proceedings had been commenced. The case was *Herrin vs. National*. There was evidence that Herrin received actual knowledge of the foreclosure when the mortgagee "advised him that she had foreclosed the mortgage she held on property and had received a certificate of sale from the sheriff." Therefore, the fire insurance policy was void at the time the loss occurred.

### Insurer Is Overruled in Explosion Clause Issue

Damage caused by the ignition of gasoline is not subject to the explosion clause of the policy, according to the Michigan supreme court in *Cole et al vs. United States Fire, et al*.

The action was brought by the mortgagees since Thomas N. Sickrey, the owner, burned the house by pouring gasoline in the basement and throwing a match into the cellar window. Sickrey testified that this caused an explosion and the United States Fire denied liability for that part of the damage caused by the explosion. The supreme court held that when the flames from the match set fire to the gasoline vapor, the elements of destruction by fire were in full operation.

#### Coverage Not Extended

The Michigan supreme court, in a current opinion, holds that a summer cottage erected for rental purposes on the same property as that occupied by the owner's home cannot be construed as an "out-building" whose contents are in part covered by a household furniture fire policy written on the main dwelling. The case was *Gerston vs. Western Assurance*.

by the transfer agent, demand was made upon the U. S. F. & G. to surrender its certificate and this was done. The U. S. F. & G. then demanded of Newburger the stolen certificate or its proceeds.

The court held that when Newburger, upon demand of the U. S. F. & G., refused to surrender the certificate, such refusal constituted a conversion of the stock itself and made Newburger liable for the damages resulting from such conversion. The result of the whole transaction was the U. S. F. & G. was left without the stock, the Newburger firm was in possession of the only outstanding certificate which it had obtained by the conversion of the stolen certificate.

The personal property law provides that under certain circumstances delivery of a certificate may transfer title though made by one having no right to possession or authority from the owner to make the transfer. That statute applies only to certificates of a corporation organized under the laws of New York or of another state whose laws are consistent with this act. Maine, however, does not have an act consistent with the New York statute.

### Lack of Compliance Must Contribute to the Loss

Upholding the dictum of the Nebraska supreme court to the effect that a lack of literal compliance with provisions of the policy is insufficient to avoid liability where it does not contribute to the loss or injure the insurer, the United States circuit court of appeals for the 8th circuit (Neb.), held against the insurer in *American Surety vs. Bankers Savings & Loan Association of Omaha*. This was a second appeal. On the first appeal, judgment was for the American Surety on the ground that the loan association had failed to comply with the requirements of a bond, which provided that notice of loss should be given within 10 days after its discovery. Intermediately between the decisions of this court on the first appeal and the filing of petition for a rehearing, which was denied, the Nebraska supreme court decided the case of *George vs. Aetna Casualty*, in which section 44-322, compiled statutes of Nebraska, 1929, was construed in reference to failure to give the notice required by contract. The supreme court held that the insurer cannot avoid liability unless it is shown that such breach of condition contributed to the loss.

#### Accidental Death Verdict

Judgment in favor of the Fidelity & Casualty was reversed and a new trial granted by the New York appellate division third department in a suit under a personal accident policy in which the assured suffered severe chest injuries in an automobile accident, but died from poisoning caused by the failure of elimination. One of the doctors gave as the primary cause of death, nephrosclerosis, arterio type. He testified the disease had moderately advanced. The court held it was evident that the maladies disclosed in the autopsy would not have produced death probably for years, if it had not been for the shock of the accident.

#### Shores Are Not "Materials"

The Michigan supreme court has held that shores, rented to a contractor, are not "materials," under the Michigan statute, and that the surety on the contractor's bond is not liable for the shores, which were not returned or which were damaged. This was the decision of the Michigan supreme court in *Stoddard Ditch Company vs. Michigan Surety*.

## CASUALTY & SURETY

### Kentucky Holds for "Infant"

**Young Man Who Was Injured at Age of 19 Has Small Judgment Set Aside**

The Kentucky court of appeals has upheld the lower court in setting aside judgment and granting a new trial to a young man who was injured by a truck at the age of 19. The case was *Metzger Bros. vs. Watson's guardian*.

The truck was insured in the Maryland Casualty. When Watson was injured, a petition was filed by his father, as the next friend, asking \$500 damages. Judgment was entered for \$240. Watson, before reaching his majority, through his statutory guardian, brought suit alleging at the time he was injured he was earning \$20 a week, that his total loss of time up to the filing of the suit amounted to \$1,500 and that he suffered permanent injury in the amount of \$11,000.

The higher court said it does not appear that Watson selected his father as next friend, or authorized him to bring suit in that capacity. The judgment was not based on any evidence, but was a mere result of an attempted compromise which the next friend had no right to make. There was substantial evidence of negligence and a clear showing that the sum paid under the judgment was wholly insufficient. Watson did not have to return the sum paid under the judgment. He was an infant and the money was paid to his father and not to him.

### Ownership of Stolen Stock

**U. S. F. & G. Wins Right to Certificate for 100 Shares of Electric Power & Light of Maine**

The New York court of appeals has held for the United States Fidelity & Guaranty in an interesting case involving the ownership of stolen stock certificates. The case was *U. S. F. & G. vs. Newburger et al*. A 100 share certificate of the Electric Power & Light Corporation of Maine, which had been endorsed in blank, was stolen from a messenger of the brokerage firm of Moore & Schley, who was taking it to a customer.

The U. S. F. & G., under a blanket bond, paid the market value of the certificate. A duplicate certificate was issued by the transfer agent to Moore & Schley, who endorsed it to the U. S. F. & G., which surrendered it to the transfer agent and had issued to it in its name a new certificate.

#### Stolen Stock Turns Up

Later the stolen certificate came into the possession of the brokerage firm of Newburger, Henderson & Loeb. When this firm received the certificate, it had been altered and forged. The Newburger firm presented the stolen certificate to the transfer agent. Although the books of the company showed that no certificate had been issued in the name which had been forged, the transfer agent canceled the stolen certificate and issued a new one to Newburger.

When the over-issue was discovered



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